

1 [Development Agreement - Laurel Heights Partners, LLC - 3333 California Street Project -
2 California Street at Presidio Avenue]

3 **Ordinance approving a Development Agreement between the City and County of San**
4 **Francisco and Laurel Heights Partners, LLC, a Delaware limited liability company, for**
5 **the development of an approximately 10.25-acre site located at California Street at**
6 **Presidio Avenue (3333 California Street), with various public benefits, including 25%**
7 **affordable housing, a child care center comprised of approximately 14,665 square feet,**
8 **and approximately 2.87 acres of privately owned, publicly accessible open space;**
9 **making findings under the California Environmental Quality Act, and findings of**
10 **conformity with the General Plan, and the eight priority policies of Planning Code,**
11 **Section 101.1(b); approving certain development impact fees for the project, and**
12 **waiving certain Planning Code fees and requirements; confirming compliance with or**
13 **waiving certain provisions of Administrative Code, Chapter 56; ratifying certain actions**
14 **taken in connection with the Development Agreement, as described herein; and**
15 **authorizing certain actions to be taken under the Development Agreement, as**
16 **described herein.**

17 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
18 **Additions to Codes** are in *single-underline italics Times New Roman font*.
19 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
20 **Board amendment additions** are in double-underlined Arial font.
21 **Board amendment deletions** are in ~~strikethrough Arial font~~.
22 **Asterisks (* * * *)** indicate the omission of unchanged Code
23 subsections or parts of tables.

22 Be it ordained by the People of the City and County of San Francisco:

23 Section 1. Project Findings.

24 The Board of Supervisors makes the following findings:

25 (a) California Government Code Sections 65864 et seq. authorizes any city, county,

1 or city and county to enter into an agreement for the development of real property within the
2 jurisdiction of the city, county, or city and county.

3 (b) Chapter 56 of the Administrative Code ("Chapter 56") sets forth certain
4 procedures for the processing and approval of development agreements in the City and
5 County of San Francisco (the "City").

6 (c) Laurel Heights Partners, LLC, a Delaware limited liability company (the
7 "Developer"), owns and operates an approximately 10.25-acre site bounded by California
8 Street to the north, Presidio Avenue to the east, Masonic Avenue to the southeast, Euclid
9 Avenue to the south, and Laurel Street and Mayfair Drive to the west, currently comprised of
10 an approximately 455,000 gross square foot office building, an approximately 14,000 gross
11 square foot annex building, surface and subsurface parking areas, and approximately 165,200
12 square feet of landscaping or landscaped open space (the "Project Site").

13 (d) On August 9, 2019, the Developer filed an application with the Planning
14 Department for approval of a development agreement relating to the Project Site (the
15 "Development Agreement") under Chapter 56. A copy of the Development Agreement is on
16 file with the Clerk of the Board of Supervisors in File No. 190845.

17 (e) The Developer proposes a mixed use development that will include residential,
18 non-residential, open space, child care, and related uses (the "Project"). Specifically, the
19 Project includes (1) approximately 744 residential units, including not less than 185 on-site
20 affordable senior residential units, (2) approximately 34,496 square feet of
21 retail/restaurant/commercial use in buildings along California Street, (3) 10 below-grade
22 parking garages with 10 car share spaces and no more than approximately 847-857-754
23 parking spaces (including 10 car share spaces), (4) an approximately 14,665 gross square
24 foot space for child care use, and (5) 125,226 square feet of privately owned, publicly
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1 accessible open space and 86,570 square feet of other open space, including private open
2 space for residents, all as more particularly described in the Development Agreement.

3 (f) While the Development Agreement is between the City, acting primarily through
4 the Planning Department, and the Developer, other City agencies retain a role in reviewing
5 and issuing certain later approvals for the Project, including approval of final maps and street
6 improvement permits. As a result, affected City agencies have consented to the Development
7 Agreement.

8 (g) The Project is anticipated to generate an annual average of approximately 675
9 construction jobs, and on completion, an approximate \$10 million annual increase in property
10 taxes and approximately \$15 million in development impact fees (including transportation,
11 housing linkages, and school fees). In addition to the significant housing, jobs, urban
12 revitalization, and economic benefits to the City from the Project, the Office of Economic and
13 Workforce Development has determined that development of the Project under the
14 Development Agreement will provide additional benefits to the public that could not be
15 obtained through application of existing City ordinances, regulations, and policies. Additional
16 public benefits to the City from the Project include (1) on-site affordable housing that exceeds
17 the amount otherwise required and will equal 25% of the total number of proposed housing
18 units for the Project; (2) workforce obligations, including significant training, employment, and
19 economic development opportunities as part of the development and operation of the Project;
20 (3) construction and maintenance of the privately owned, publicly accessible open space,
21 totaling approximately 2.87 acres; (4) street improvements, some of which will be maintained
22 by the Developer at no cost to the City; (5) an approximately 14,665 square foot child care
23 center, including an outdoor activity area, capable of accommodating at least 175 children,
24 with 10% of the maximum number of permitted slots to be provided to children in low-income
25 households; (6) a Transportation Demand Plan under Planning Code Section 169.3(e)(2) that

1 implements 75% of applicable target points rather than the 50% standard otherwise required
2 for the Project; and (7) if approved by the City's Public Utilities Commission, a \$1,055,000
3 payment towards an auxiliary water supply system that will service the Project (the "AWSS
4 Community Benefit Fee").

5 (h) Concurrently with this ordinance, the Board is taking a number of actions in
6 furtherance of the Project, as generally described in the Development Agreement, including
7 Exhibit E to the Development Agreement.

8 Section 2. CEQA Findings.

9 On September 5, 2019, by Motion No. 20512, the Planning Commission certified as
10 adequate, accurate, and complete the Final Environmental Impact Report ("FEIR") for the
11 Project pursuant to the California Environmental Quality Act (California Public Resources
12 Code Sections 21000 et seq.) ("CEQA"). A copy of Planning Commission Motion No. 20512
13 is on file with the Clerk of the Board of Supervisors in File No. 190947. Also on September 5,
14 2019, by Motion No. 20513, the Planning Commission adopted findings, including a rejection
15 of alternatives and a statement of overriding considerations (the "CEQA Findings") and a
16 Mitigation Monitoring and Reporting Program ("MMRP"). These Motions are on file with the
17 Clerk of the Board of Supervisors in File No. 190947. In accordance with the actions
18 contemplated in this ordinance, the Board of Supervisors has reviewed the FEIR and related
19 documents, and adopts as its own and incorporates by reference as though fully set forth
20 herein the CEQA Findings, including the statement of overriding considerations, and the
21 MMRP.

22 Section 3. General Plan and Planning Code Section 101.1(b) Findings.

23 (a) The Board of Supervisors finds that the Development Agreement will serve the
24 public necessity, convenience, and general welfare for the reasons set forth in Planning
25 Commission Resolution No. 20515 and incorporates those reasons herein by reference.

1 (b) The Board of Supervisors finds that the Development Agreement is in conformity
2 with the General Plan and the eight priority policies of Planning Code Section 101.1 for the
3 reasons set forth in Planning Commission Resolution No. 20515. The Board hereby adopts
4 the findings set forth in Planning Commission Resolution No. 20515 and incorporates those
5 findings herein by reference.

6 Section 4. Development Agreement.

7 (a) The Board of Supervisors approves all of the terms and conditions of the
8 Development Agreement in substantially the form on file with the Clerk of the Board of
9 Supervisors in File No. 190845.

10 (b) Subject to the subsequent approval of the City's Public Utilities Commission to
11 accept the AWSS Community Benefit Fee, acting in its sole discretion (the "SFPUC
12 Approval"), the The Board of Supervisors approves and authorizes the City's execution,
13 delivery, and performance ~~by the City~~ of the Development Agreement, ~~as follows:~~ If the
14 SFPUC Approval is not granted, the Board of Supervisors approves and authorizes the City's
15 execution, delivery, and performance of a modified version of the Development Agreement
16 that removes all references to the AWSS Community Benefit Fee. On receipt of the SFPUC
17 Approval or the preparation of the modified Development Agreement if the SFPUC Approval is
18 not granted, (1) the Director of Planning and (other City officials listed thereon) are authorized
19 to execute and deliver the Development Agreement and consents thereto, and (2) the Director
20 of Planning and other applicable City officials are authorized to take all actions reasonably
21 necessary or prudent to perform the City's obligations under the Development Agreement in
22 accordance with the terms of the Development Agreement. The Director of Planning, at his or
23 her discretion and in consultation with the City Attorney, is authorized to enter into any
24 additions, amendments, or other modifications to the Development Agreement that the
25 Director of Planning determines are in the best interests of the City and that do not materially

1 increase the obligations or liabilities of the City or materially decrease the benefits to the City
2 as provided in the Development Agreement.

3 (c) The Board of Supervisors authorizes the Controller to accept any payments
4 made by the Developer under the Development Agreement.

5 Section 5. Development Impact Fees and Planning Code Conformity.

6 (a) For the Project, the Board of Supervisors approves the development impact fees
7 as set forth in the Development Agreement and waives any inconsistent provision in Planning
8 Code Article 4.

9 (b) For the Project, the Board of Supervisors approves the child care facility and
10 affordable housing requirements as set forth in the Development Agreement and waives the
11 requirements of Planning Code Sections 414A, 415.5, 415.6(e), 415.6(f), and 415.7.

12 Section 6. Administrative Code Conformity.

13 The Development Agreement shall prevail if there is any conflict between the
14 Development Agreement and Chapter 56, and without limiting the generality of the foregoing
15 clause, for purposes of the Development Agreement only, the provisions of Chapter 56 are
16 waived or its provisions deemed satisfied as follows:

17 (a) Laurel Heights Partners, LLC shall constitute a permitted “Applicant/Developer”
18 for purposes of Chapter 56, Section 56.3(b).

19 (b) The Project comprises approximately 10.25 acres and is the type of large multi-
20 phase and/or mixed-use development contemplated by the Administrative Code and therefore
21 it satisfies the provisions of Chapter 56, Section 56.3(g).

22 (c) The provisions of the Development Agreement, including its attached Workforce
23 Agreement, apply and satisfy the requirements of Administrative Code Chapter 14B, Section
24 14B.20, and Chapter 56, Section 56.7(c).

1 (d) The provisions of the Development Agreement regarding any amendment or
2 termination, including those relating to "Material Change," shall apply in lieu of the provisions
3 of Chapter 56, Section 56.15.

4 (e) The provisions of Chapter 56, Section 56.20 have been satisfied by the
5 Memorandum of Understanding between the Developer and the Office of Economic and
6 Workforce Development for the reimbursement of City costs, a copy of which is on file with the
7 Clerk of the Board of Supervisors in File No. 190845.

8 Section 7. Chapter 56 Waiver; Ratification.

9 (a) In connection with the Development Agreement, the Board of Supervisors finds
10 that the requirements of Chapter 56, as modified hereby, have been substantially complied
11 with and waives any procedural or other requirements of Chapter 56 if and to the extent to
12 which they have not been strictly complied.

13 (b) All actions taken by City officials in preparing and submitting the Development
14 Agreement to the Board of Supervisors for review and consideration are hereby ratified and
15 confirmed, and the Board of Supervisors hereby authorizes all subsequent action to be taken
16 by City officials consistent with this ordinance.

17 Section 8. Effective and Operative Date.

18 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs
19 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
20 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the
21 Mayor's veto of the ordinance.

22 (b) This ordinance shall become operative only on (and no rights or duties are affected
23 until) the later of (1) its effective date, as stated in subsection (a), or (b) the date that
24 Ordinance No. _____, and Ordinance No. _____, have become effective. Copies of said
25 ordinances

1 are on file with the Clerk of the Board of Supervisors in File No. 190947 and File No. 190844.

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3 APPROVED AS TO FORM:
4 DENNIS J. HERRERA, City Attorney

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6 By: _____
7 Carol Wong
8 Deputy City Attorney
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