

**REPORT TO THE BOARD OF SUPERVISORS ON AN AMENDMENT TO THE  
REDEVELOPMENT PLAN FOR THE MISSION BAY SOUTH REDEVELOPMENT  
PROJECT**

Prepared by:

The Office of Community Investment and Infrastructure,  
as the Successor Agency to the San Francisco Redevelopment Agency

This report is from the Successor Agency to the Redevelopment Agency of the City and County of San Francisco to the Board of Supervisors of the City and County of San Francisco and is to support a proposed Amendment to the Redevelopment Plan for the Mission Bay South Redevelopment Project. This report contains the required sections which warrant updating since the Redevelopment Plan was approved on November 2, 1998 and amended on July 9, 2013 and March 6, 2018.

July 21, 2020

# **REPORT TO THE BOARD OF SUPERVISORS ON AN AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE MISSION BAY SOUTH REDEVELOPMENT PROJECT**

## **INTRODUCTION**

This Report (“Report”) on the proposed Amendment (“Amendment”) to the Redevelopment Plan (“Redevelopment Plan”) for the Mission Bay South Redevelopment Project (“Project”) has been prepared by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (“Agency”) pursuant to the provisions of Section 33457.1 of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*, “CRL”), which section provides as follows:

“To the extent warranted by a proposed amendment to a redevelopment plan, (1) the ordinance adopting an amendment to a redevelopment plan shall contain the findings required by Section 33367 and (2) the reports and information required by Section 33352 shall be prepared and made available to the public prior to the hearing on such amendment.”

## **DESCRIPTION OF THE PROPOSED AMENDMENT**

The proposed Amendment affects the hotel land use on Block 1 of the Mission Bay South Redevelopment Project Area (“Plan Area”). The Amendment would modify the Redevelopment Plan to increase the total number of hotel rooms permitted on the Block 1 from 250 to 300, without any increase in floor area. Block 1 is bounded by 3rd Street to the east, Mission Bay Park P3 to the north, Channel Street to the south, and 4<sup>th</sup> Street to the west. It is the block affected by these changes and is within the Hotel District.

## **SCOPE OF THIS REPORT**

In accordance with Section 33457.1 of the CRL, this Report contains only the information required by Section 33352 of the CRL that is warranted by the proposed Amendment. Because the proposed Amendment as described above is relatively minor (*i.e.*, limited to increasing the total number of hotel rooms permitted on Block 1 from 250 to 300) the contents of this Report are limited to the following:

- Reason for the proposed Amendment (subsection (a) of Section 33352 of the CRL);
- A description of how the proposed Amendment to increase the number of hotel rooms permitted on Block 1 will improve or alleviate the conditions of blight that continue to exist in the area (subsection (a) and (b) of Section 33352 of the CRL);
- The proposed method of financing the redevelopment of the Plan Area as applicable to the proposed Amendment (subsection (e) of Section 33352 of the CRL);

- Discussion of the Planning Commission’s forthcoming report regarding conformity of the Plan Amendment to the General Plan (to the extent required by Section 33453 of the CRL and Section 4.105 of the San Francisco Charter);
- A neighborhood impact report to the extent required by Section 33352 (m) of the CRL; and
- The report (environmental document) required by Section 21151 of the Public Resources Code as applicable to the proposed Amendment (subsection (k) of Section 33352 of the CRL).

Other information that Section 33352 requires to support a new redevelopment plan is not necessary for this proposed Amendment because of its limited scope in increasing the number of hotel rooms permitted on Block 1 within the Plan Area.

In approving the Redevelopment Plan in 1998, and the amendments in 2013 and 2018, the Board of Supervisors relied on information about the conditions of physical and economic blight within the Plan Area, the need for tax increment financing to carry out redevelopment in the Plan Area, and other factors justifying the establishment of the Plan Area. The proposed Amendment addresses one block in the Plan Area, and does not alter the boundaries of the Plan Area or the blight and financial determinations made at the time the Plan Area was originally adopted; therefore, an update to this information is not required. The proposed Amendment would not displace any residents of the Plan Area because there are no housing facilities located within the area affected by the proposed Amendment. Accordingly, there is no need for a relocation plan that might otherwise be required. There is no existing Project Area Committee (“PAC”) acting within the Plan Area nor is there a requirement that a PAC be created in connection with the proposed Amendment because no new area is proposed to be added to the Plan Area and the Agency’s eminent domain authority has expired. (However, in December 1996, the Mayor appointed a Mission Bay Citizens Advisory Committee, which is not a PAC, to provide for community input into the redevelopment of the Mission Bay area. On January 9, 2020 the Mission Bay Citizens Advisory Committee considered and recommended approval of the Amendment by the Agency and adoption by the Board of Supervisors.) Since the proposed Amendment does not alter the Project Area boundaries or make changes to the Redevelopment Plan to increase financing limits, extend its duration or add significant capital projects, no county fiscal officer’s report or consultation with the taxing entities is required.

## **REASON FOR PLAN AMENDMENT**

The purpose of the proposed Amendment is to increase the number of permitted hotel rooms on Block 1, with no additional floor area. This flexibility in the land use regulation of Block 1 will facilitate the expeditious completion of redevelopment activities by enabling the owner to respond to changes in market conditions that have occurred since the 1998 adoption of the Redevelopment Plan and the 2013 and 2018, amendments to the Redevelopment Plan. The Amendment would allow flexibility to develop an economically-feasible hotel with fewer suites and more individual rooms than originally planned, while providing much-needed accommodations for visitors. A specific objective for redevelopment of the Plan Area is to “[c]reate a vibrant urban community in Mission Bay South which incorporates a variety of uses” including, among others, hotel uses.

Permitting an increase in the number of hotel rooms on Block 1 will provide for development of a much-needed hotel use.

The following Redevelopment Project Objectives, as set forth in Section 103 of the Redevelopment Plan would be further advanced by the adoption of the Amendment:

- Providing flexibility in the development of the Plan Area to respond readily and appropriately to market conditions.
- Strengthening the economic base of the Plan Area and the community by strengthening retail and other commercial functions in the Plan Area.

### **DESCRIPTION OF HOW THE AMENDMENT WILL IMPROVE OR ALLEVIATE BLIGHT**

As originally described in the 1998 Report to the Board of Supervisors for the Mission Bay South Redevelopment Plan, the area was blighted as defined under the CRL. Significant improvements have occurred in the Plan Area. However, the land use restrictions on Block 1 currently limit the number of hotel rooms on the site to 250 and thus preclude interior reconfiguration for the addition of any further hotel rooms. Due to lower anticipated demand for multi-room suites, an interior reconfiguration to split the aforementioned suites into individual rooms is necessary to respond to market conditions. The proposed Amendment will improve the physical and economic conditions on Block 1 by allowing a hotel that meets the needs of visitors, further strengthening the achievement of an economically vibrant area.

### **PROPOSED METHOD OF FINANCING / ECONOMIC FEASIBILITY OF AMENDMENT**

The proposed Amendment will permit an increase in the maximum number of hotel rooms on Block 1. The proposed Amendment does not propose any new capital expenditures by the Agency, involve any new indebtedness or financial obligation of the Agency, or change the Agency's overall method of financing the redevelopment of the Plan Area. Instead, the proposed Amendment relies on private enterprise to finance the project on Block 1. The Agency will continue, however, to use tax increment financing and funds from all other available sources to carry out its enforceable obligations to pay for the costs of public infrastructure in the Plan Area.

### **REPORT OF THE PLANNING COMMISSION**

Upon approval of the Amendment, the Commission on Community Investment and Infrastructure will refer it to the Planning Commission for its report and findings of conformity with the General Plan. The Planning Commission will review the Plan Amendment for conformity with the General Plan, which will be incorporated into a supplemental Report to the Board of Supervisors upon receipt.

### **ENVIRONMENTAL DOCUMENT**

On October 19, 1998, the Board of Supervisors adopted Motion No. 98-132 affirming certification of the Final Subsequent Environmental Impact Report ("FSEIR") for Mission Bay North and South

by the Planning Commission and the Former Agency, and Resolution No. 854-98 adopting environmental findings and a statement of overriding considerations for the Mission Bay Project. Subsequent to certification of the FSEIR, the Redevelopment Agency and the Successor Agency issued several addenda to the FSEIR (the “Addenda”). Approval of the Plan Amendment is consistent with the project analyzed in the FSEIR and its Addenda and requires no further environmental review beyond the FSEIR pursuant to CEQA and CEQA Guidelines Sections 15180, 15162 and 15168.

## **NEIGHBORHOOD IMPACT REPORT**

The Plan Area contains a significant amount of permanently affordable, low- and moderate-income housing, which is the result of the successful implementation to date of the Redevelopment Plan. The proposed Amendment does not impact or alter the Redevelopment Plan’s commitment to provide affordable housing. The Redevelopment Plan provides for the development of up to approximately 3,440 residential units, approximately 1,100 of which will be offered at below market rates. The process and requirements for the development of approximately 3,440 homes within the Plan Area is designed to provide new housing opportunities for households of diverse income, ages, lifestyles and family size. As of June 2020, 2,944 housing units have been completed, of which 612 are affordable homes. Another 152 affordable units are under construction. Another 454 units are planned for the Plan Area. OCII continues to promote the development of a wide variety of affordable housing including mixed-use development, development of new and rehabilitation of existing rental and ownership units, infill development, and mixed income development. The housing opportunities within the Plan Area address the demand for housing suitable for families, seniors, young adults, and others with special needs. The amount and timing of this development has been and will continue to be dependent on the amount and pace of the overall development in the Plan Area.

The proposed Amendment will not cause the destruction or removal of housing units from the low- and moderate-income housing market and no persons will be displaced, temporarily or permanently, from dwelling units as a result of the Amendment. In summary, the proposed Amendment will have no negative impact on housing within the Plan Area or in any way impact housing obligations or objectives as described in the Redevelopment Plan.