

1 [Approval of Amended and Restated Disposition and Development Agreement with Treasure
2 Island Community Development, LLC and- Amendments to Treasure Island and Yerba Buena
3 Island Design for Development]

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4 **Resolution (1) Approving an Amended and Restated Disposition and Development**
5 **Agreement Between the Treasure Island Development Authority and Treasure Island**
6 **Community Development, LLC, for Certain Real Property Located on Treasure Island and**
7 **Yerba Buena Island, Including Changes to the Attached Financing Plan, and Making**
8 **Findings Under the California Environmental Quality Act; and (2) Approving Proposed**
9 **Amendments to the Treasure Island and Yerba Buena Island Design for Development.**

10

11 WHEREAS, In 1997, the City created the Treasure Island Development Authority (the
12 “Authority” or “TIDA”) to serve as the entity responsible for the reuse and development of
13 former Naval Station Treasure Island consisting of approximately 550 acres on Treasure
14 Island and Yerba Buena Island; and

15 WHEREAS, In 2003, the Authority Board of Directors selected Treasure Island
16 Community Development, LLC (“TICD” or “Developer”) as the master developer for portions of
17 Treasure Island and Yerba Buena Island; and

18 WHEREAS, The Developer proposed developing the Treasure Island/Yerba Buena
19 Island Project (“Project”), which anticipated (1) up to 8,000 new residential units, at least 25%
20 of which (2,000 units) would be made affordable to a broad range of very-low to moderate
21 income households, (2) adaptive reuse of approximately 311,000 square feet of historic
22 structures, (3) up to approximately 140,000 square feet of new retail uses and 100,000 square
23 feet of commercial office space, (4) approximately 300 acres of parks and open space,
24 (5) new and/or upgraded public facilities, including a joint police/fire station, a school, facilities
25 for the Treasure Island Sailing Center and other community facilities, (6) up to 500 hotel

1 rooms across 2-3 sites, (7) landside improvements for a new 400 slip marina, and
2 (8) transportation infrastructure, including a ferry/quay intermodal transit center; and

3 WHEREAS, On June 7, 2011, pursuant to Resolution No. 241-11, which the Mayor
4 signed on June 13, 2011, the Board of Supervisors unanimously approved the Disposition and
5 Development Agreement (“2011 DDA”) and other transaction documents; and

6 WHEREAS, On June 14, 2011 pursuant to Ordinance No. 95-11, the Board of
7 Supervisors approved the Development Agreement (the “DA”) for the Project between the City
8 and County of San Francisco (the “City”) and Developer, which the parties executed on
9 June 28, 2011; and

10 WHEREAS, Transforming Treasure Island and Yerba Buena Island into a new San
11 Francisco neighborhood has required a staggering amount of upfront engineering work to
12 geotechnically transform the land and install new infrastructure and utilities; and

13 WHEREAS, Since 2011, the Developer has invested over \$800 Million into the Project
14 which has resulted in significant progress towards completion of the first stage of construction
15 with nearly 1,000 new homes along with completed public parks and utilities, public art, new
16 streets and regular ferry service; and

17 WHEREAS, Over 100 units of new affordable housing attributable to the Project are
18 open and occupied on Treasure Island, with another approximately 200 units currently under
19 construction; and

20 WHEREAS, The progress on Treasure Island and Yerba Buena Island is a reflection of
21 a public-private partnership spanning more than twenty years committed to the vision for a
22 new Treasure Island; and

23 WHEREAS, Continuing the Project is more important now than ever as Treasure
24 Island’s 8,000 planned housing units represent one-tenth of the City’s housing production
25 goals established under its Housing Element 2022 Update of the General Plan and the

1 Mayor’s Housing for All implementation strategy, and the Treasure Island Project is the City's
2 largest project underway in a moment when there is a tremendous push to build new housing
3 in San Francisco; and

4 WHEREAS, Various factors such as increases in construction and labor costs, a
5 worldwide pandemic, rising interest rates and a slowing of the real estate market have put
6 unanticipated pressures on the Project that could delay construction of the next phase without
7 near-term accelerated public financing; and

8 WHEREAS, The Developer has shared economic projections demonstrating the
9 financial constraints facing the Project, including the inability to secure traditional financing for
10 the construction of Stage 2 infrastructure; and

11 WHEREAS, TIDA, the Developer, and the Office of Economic and Workforce
12 Development (“OEWD”) have been in conversation with the City since early 2023 to identify
13 areas of possible change that could improve the delivery, financial feasibility, and
14 sustainability of the Project; and

15 WHEREAS, OEWD has lead an effort with TIDA, the Developer, the City
16 Administrator’s Office, Controller’s Office, Mayor’s Office, and the Planning Department to re-
17 open certain areas of the 2011 DDA, the DA, and the Planning Code, Zoning Map, and
18 Design for Development as they relate to the Treasure Island/Yerba Buena Island Special
19 Use District, to improve the feasibility and delivery of the Project as well as reaffirm certain
20 existing provisions; and

21 WHEREAS, TIDA, the City, and the Developer are committed to ensuring that the
22 Project does not lose momentum, particularly as the island and its services become more
23 integrated into the city fabric as a result of the new housing units, parks, utilities, public art,
24 ferry terminal and streets that have been completed to date; and

25

1 WHEREAS, The proposed amendments to certain terms of the existing transaction
2 documents for the Project will, among other things, (1) accelerate reimbursement of eligible
3 project costs through public financing for the next construction phase, called Stage 2, which
4 phase will include infrastructure necessary to allow for the construction of new parks and
5 shoreline improvements, and market rate and affordable housing parcels for approximately
6 1,300 units of new housing; (2) retain the existing public benefits package as approved in the
7 2011 DDA, such as the overall affordable housing requirement of 27.2% and delivery of parks
8 and open space; (3) defer accrual of costs where possible to improve financial feasibility such
9 as extending the completion dates for certain facilities and reallocating a limited number of
10 inclusionary units to future phases; (4) increase flexibility on timing of Developer subsidies
11 and how they can be used; (5) increase the DDA term to 40 years; (6) increase flexibility on
12 how certain parcel lots may be sold to allow for earlier additional funds into the Project; and
13 (7) update the 2011 DDA to reflect current City practice, such as any public art fee be paid to
14 the Department of Building Inspection instead of TIDA; and

15 WHEREAS, The proposed amendments will not change the general framework of the
16 2011 DDA whereby the Developer will continue to (1) be obligated to invest hundreds of
17 millions of dollars of private capital in the initial construction of public infrastructure, affordable
18 housing and community benefits, and (2) have the right to develop the Project in a series of
19 major phases and sub-phases and to sell or ground lease developable lots to vertical
20 developers for development, all in accordance with all of the governing land use and
21 entitlement documents; and

22 WHEREAS, The proposed amendments will be set forth in an Amended and Restated
23 Disposition and Development Agreement (“A&R DDA”), which A&R DDA includes, among
24 certain exhibits, the Financing Plan and Housing Plan, all of which are on file with the
25 Authority Board Secretary and incorporated herein by reference; and

1 WHEREAS, Stage 2 includes two planned affordable housing buildings with
2 approximately 250 units total and a 240-bed behavioral health building project to be delivered
3 by the Department of Public Health; and

4 WHEREAS, The amendments to the Financing Plan describe the City’s intent to
5 accelerate up to a maximum of \$115 million of general fund-backed public financing into the
6 Project (“Stage 2 Alternative Financing”), expected to be structured as one or more lease
7 certificates of participation, with the City reserving the discretion to structure the Stage 2
8 Alternative Financing through other public financing vehicles that are not secured by a pledge
9 of Project special taxes or net available increment, to support continued construction of
10 Stage 2 infrastructure necessary to allow for the development of new parks and shoreline
11 improvements, and market rate and affordable housing parcels for approximately 1,300 units
12 of new housing anticipated to occur within the next 3-5 years, by reimbursing the Developer
13 for eligible Stage 2 qualified project costs sooner than they otherwise would be reimbursed
14 through the existing public financing structure; and

15 WHEREAS, The Stage 2 Alternative Financing is anticipated to be structured over the
16 next 3-5 years, tied to the expected capital expenditures for the Stage 2 infrastructure, and the
17 Developer would be reimbursed after the Developer has satisfied various conditions for
18 issuance of such public financing and reimbursement from such proceeds; and

19 WHEREAS, A fiscal impact study was completed by City fiscal consultant Keyser
20 Marston Associates and projects that Treasure Island and Yerba Buena Island will generate
21 an average of approximately \$4.4 million per year in ongoing net recurring general fund
22 revenues from fiscal year 2025 thru fiscal year 2030, with an additional approximately \$10
23 million per year in transfer taxes and one-time construction related revenues contingent on
24 assumed land sales and unit sales in this time period, and that by fiscal year 2040, the net
25 recurring revenues generated from Treasure Island and Yerba Buena Island (not including

1 transfer taxes or one-time construction related revenues) are projected to exceed annual
2 required debt service payments for up to \$115 million of Stage 2 Alternative Financing; and

3 WHEREAS, If the proposed changes to the Financing Plan are approved by the
4 Authority Board and the Board of Supervisors, the DA will need to be amended as the
5 amended Financing Plan will need to replace the existing Financing Plan exhibit to the DA;
6 and

7 WHEREAS, If the proposed amendments to the 2011 DDA and DA are approved
8 authorizing the Stage 2 Alternative Financing, Authority and Controller's Office staff will return
9 at a future date to request Authority Board's authorization and recommendation to the Board
10 of Supervisors to proceed with the Project specific Stage 2 Alternative Financing; and

11 WHEREAS, On March 5, 2024, Mayor London Breed and Supervisor Matt Dorsey co-
12 sponsored and introduced legislation at the Board of Supervisors to approve the A&R DDA,
13 an amendment to the DA, and amendments to the Planning Code and Zoning Map;

14 WHEREAS, The Developer has proposed amendments to the Design for Development
15 based on lessons learned during implementation of phase one of the Project that affect only
16 vertical improvements, and the proposed amendments and a summary of the proposed
17 amendments are on file with the Authority Board Secretary; and

18 WHEREAS, The Planning Department and TIDA prepared an Environmental Impact
19 Report for the Project under the California Environmental Quality Act ("CEQA," Public
20 Resources Code Sections 21,000 et. seq;) and the CEQA Guidelines (14 Cal. Code Regs.
21 Sections 15,000 et seq,); and

22 WHEREAS, On April 21, 2011 pursuant to Authority Board Resolution Nos. 11-1404/21
23 and 11-18-04/21 and Planning Commission Motion No. 18325, the Planning Commission and
24 the Authority Board in a joint session unanimously approved a series of entitlement and
25 transaction documents for the Project; and

1 WHEREAS, On June 7, 2011, pursuant to Resolution No. 246-11, the Board of
2 Supervisors unanimously confirmed certification of the Final Environmental Impact Report
3 (“FEIR”) for the Project, and made certain environmental findings under CEQA, including
4 adoption of a Mitigation Monitoring and Reporting Program and a Statement of Overriding
5 Considerations, which resolution is on file with the Clerk of the Board of Supervisors in File
6 No. 110328 and is incorporated herein by reference; and

7 WHEREAS, CEQA mandates that “when an environmental impact report has been
8 prepared for a project, no subsequent or supplemental environmental impact report shall be
9 required by the lead agency”, unless the lead agency determines, on the basis of substantial
10 evidence that the project or its circumstances have changed, or there is new information, and
11 that those changes or new information would cause new significant impacts, or a substantial
12 increase in the severity of previously identified impacts (CEQA Section 21166; CEQA
13 Guidelines Section 15162); and

14 WHEREAS, CEQA authorizes lead agencies to prepare addenda to previously-
15 prepared environmental documents when they consider adopting a revised project, and the
16 conditions for requiring additional environmental review are not met (CEQA Guidelines
17 Section 15164); and

18 WHEREAS, The Planning Department prepared an Addendum to the FEIR to analyze
19 the impacts of the A&R DDA (including changes to the Financing Plan and the Housing Plan,
20 both of which are exhibits to the A&R DDA) and concurrent changes proposed to the
21 Development Agreement and Planning Code and Zoning Map controls for the Project; and

22 WHEREAS, The addendum concluded that no supplemental or subsequent
23 environmental review is required for the A&R DDA (including changes to the Financing Plan
24 and the Housing Plan, both of which are exhibits to the A&R DDA) and concurrent changes
25 proposed to the DA and Planning Code and Zoning Map controls for the Project, because the

1 environmental impacts of these actions were adequately identified and analyzed under CEQA
2 in the FEIR, and the A&R DDA (including changes to the Financing Plan and the Housing
3 Plan, both of which are exhibits to the A&R DDA) and concurrent changes proposed to the DA
4 and Planning Code and Zoning Map controls for the Project would not result in any new or
5 more severe environmental impacts than were identified previously; and, therefore, be it

6 RESOLVED, The Authority Board has reviewed and considered the addendum and
7 the FEIR, and concurs with the Planning Department analysis and conclusions, finding that
8 the addendum adequately identified and analyzed the environmental impacts of the
9 proposed amendments, and that no additional environmental review is required under
10 CEQA Section 21166 and CEQA Guidelines Sections 15162-15164, for the following
11 reasons:

12 (A) The Project with the proposed amendments will not have any new
13 significant environmental effects or a substantial increase in the severity of previously
14 identified significant impacts, beyond what was analyzed in the FEIR; and,

15 (B) No substantial changes have occurred with respect to the circumstances
16 under which the Project with the proposed amendments would be carried out that would
17 lead to the involvement of new significant environmental effects, or a substantial increase in
18 the severity of effects identified in the FEIR; and,

19 (C) No new information of substantial importance to the Project analyzed in
20 the FEIR has become available, which would indicate that (i) the Project with the proposed
21 amendments will have significant effects not discussed in the FEIR; (ii) significant
22 environmental effects identified in the FEIR will be substantially more severe; (iii) mitigation
23 measures or alternatives found not feasible, which would reduce one or more significant
24 effects, have become feasible but the City and TIDA refuse to implement them; or (iv)
25 mitigation measures or alternatives, which are considerably different from those in the

1 FEIR, will substantially reduce one or more significant effects, but the City and TIDA refuse
2 to implement them; and, be it

3 FURTHER RESOLVED, That the Authority Board hereby approves the A&R DDA and
4 directs the Director of the Treasure Island Development Authority ("Director") to forward the
5 A&R DDA to the Board of Supervisors for their approval; and, be it

6 FURTHER RESOLVED, Upon Board of Supervisors approval of the A&R DDA, the
7 Director is authorized to execute the A&R DDA between TIDA and the Developer, with all
8 exhibits to the A&R DDA, including, but not limited to the Financing Plan and the Housing
9 Plan in substantially the form filed with the Authority Board Secretary, and any additions,
10 amendments or other modifications to such agreements (including, without limitation, its
11 exhibits) that the Director, on behalf of TIDA, determines, in consultation with the City
12 Attorney, are in the best interests of TIDA and the City, do not otherwise materially increase
13 the obligations or liabilities of TIDA or the City or materially decrease the benefits to TIDA or
14 the City, and are necessary or advisable to effectuate the purpose and intent of this
15 Resolution; and, be it

16 FURTHER RESOLVED, That to the extent that implementation of the A&R DDA
17 involves the execution and delivery of additional agreements, notices, consents and other
18 instruments or documents by TIDA that have a term in excess of 10 years or anticipated
19 revenues of \$1 million or more, including, without limitation, instruments conveying
20 developable lots to vertical developers (including, without limitation, vertical disposition and
21 development agreements, ground leases, lease disposition and development agreements,
22 assignment and assumption agreements and permits to enter) (collectively, "Subsidiary
23 Agreements"), and the Board of Supervisors has authorized TIDA to enter into such
24 Subsidiary Agreements without additional authorization, the Director, in consultation with the
25 City Attorney, is hereby authorized to enter into all such Subsidiary Agreements so long as the

1 transactions governed by such Subsidiary Agreements are contemplated in the A&R DDA, do
2 not otherwise materially increase the obligations or liabilities of TIDA, and are necessary and
3 advisable to effectuate the purpose and intent of this Resolution, such determination to be
4 conclusively evidenced by the execution and delivery by such person or persons of any such
5 documents; and, be it

6 FURTHER RESOLVED, The Authority Board recommends that the Planning
7 Commission approve the proposed amendments to the Design for Development in
8 substantially the form filed with the Authority Board Secretary; and, be it

9 FURTHER RESOLVED, That the Director is authorized to approve any additions,
10 amendments or other modifications to the proposed amendments to the Design for
11 Development before they are adopted by the Planning Commission that the Director
12 determines, in consultation with the City Attorney, are in the best interests of TIDA, do not
13 otherwise materially increase the obligations or liabilities of TIDA or materially decrease the
14 benefits to TIDA, and are necessary or advisable to effectuate the purpose and intent of this
15 Resolution.

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CERTIFICATE OF SECRETARY

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I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on March 13, 2024.

DocuSigned by:
Jeanette Howard
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Jeanette Howard, Secretary