

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Eric D. Shaw, Director, Housing and Community Development, Mayor's Office of MOHCD

FROM: Victor Young, Assistant Clerk 

DATE: January 20, 2022

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee received the following proposed legislation:

File No. 211298

Ordinance amending the Administrative Code to create the Central SoMa Legacy Business & PDR Support Fund and the Jackson Playground Park Fund; crediting payments to be made by KR Flower Mart, LLC under the Flower Mart Development Agreement against Eastern Neighborhoods Infrastructure Fees under Planning Code, Section 423, and Transportation Sustainability Fees under Planning Code, Section 411A; authorizing the City to accept land located at 71 Boardman Place and 356 Harriet Street (Assessor's Parcel Block No. 3779, Lot Nos. 084 and 112) for affordable housing; and providing KR Flower Mart, LLC credit against Jobs-Housing Linkage Fees under Planning Code, Section 413, for the value of that land; authorizing the attachment of missing pages to the Transportation Demand Management exhibit of the Development Agreement; making findings under the California Environmental Quality Act, findings of conformity with the General Plan, and with the eight priority policies of Planning Code, Section 101.1(b), and public necessity, convenience, and welfare findings under Planning Code, Section 302.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: victor.young@sfgov.org.

cc: Lydia Ely, Deputy Director for Housing Development
Brian Cheu, Deputy Director for Community Development
Maria Benjamin, Deputy Director for Homeownership and BMR Programs
Sheila Nickolopoulos, Director of Policy and Legislative Affairs

1 [Administrative Code - Central SoMa Legacy Business and PDR Support Fund - Jackson
2 Playground Park Fund - Planning Code Fee Credits - Real Property Conveyance for
3 Affordable Housing Construction]

4 **Ordinance amending the Administrative Code to create the Central SoMa Legacy**
5 **Business & PDR Support Fund and the Jackson Playground Park Fund; crediting**
6 **payments to be made by KR Flower Mart, LLC under the Flower Mart Development**
7 **Agreement against Eastern Neighborhoods Infrastructure Fees under Planning Code,**
8 **Section 423, and Transportation Sustainability Fees under Planning Code, Section**
9 **411A; authorizing the City to accept land located at 71 Boardman Place and 356 Harriet**
10 **Street (Assessor's Parcel Block No. 3779, Lot Nos. 084 and 112) for affordable housing;**
11 **and providing KR Flower Mart, LLC credit against Jobs-Housing Linkage Fees under**
12 **Planning Code, Section 413, for the value of that land; authorizing the attachment of**
13 **missing pages to the Transportation Demand Management exhibit of the Development**
14 **Agreement; making findings under the California Environmental Quality Act, findings**
15 **of conformity with the General Plan, and with the eight priority policies of Planning**
16 **Code, Section 101.1(b), and public necessity, convenience, and welfare findings under**
17 **Planning Code, Section 302.**

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

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

Section 1. Findings.

///

1 (a) KR Flower Mart, LLC, a Delaware limited liability company ("Developer") owns
2 an approximately 6.5-acre site generally along Brannan Street between Fifth and Sixth
3 Streets, on Assessor's Block 3778, Lots 001B, 002B, 004, 005, 047 and 048 (the "6th and
4 Brannan Site").

5 (b) On January 7, 2020, the Board of Supervisors adopted Ordinance No. 002-20
6 approving a development agreement relating to the 6th and Brannan Site (the "Development
7 Agreement") under Chapter 56. A copy of the Development Agreement is on file with the
8 Clerk of the Board in File No. 190682.

9 (c) The Development Agreement provides for the development of the 6th and
10 Brannan Site with office and retail uses, and for the development of a new on-site or off-site
11 wholesale flower market, all as more particularly described in the Development Agreement
12 (the "Project"). Consistent with the terms of the Development Agreement, on March 16, 2020,
13 the City exercised the "Permanent Off-Site Option" for the construction of the new wholesale
14 flower market by the Developer at an off-site location (the "Permanent Off-Site Facility"), at
15 901 16th Street, on Assessor's Block 3949, Lots 001 and 002, and Block 3950, Lots 001 (the
16 "16th Street Site").

17 (d) The Development Agreement also provides public benefits by the Developer
18 that could not have been obtained through application of existing City ordinances, regulations,
19 and policies, and for other Developer obligations, including an obligation to lease the
20 Permanent Off-Site Facility to the "Master Tenant" pursuant to the "Permanent Off-Site Master
21 Lease", as those terms are defined in the Development Agreement.

22 Section 2. CEQA Findings.

23 On July 3, 2019, the Environmental Review Officer ("ERO") issued a Community Plan
24 Exemption ("CPE") and Addendum for the Project pursuant to the California Environmental
25 Quality Act (California Public Resources Code Section 21000 et seq.) ("CEQA"). Copies of

1 the CPE and Addendum are on file with the Clerk of the Board of Supervisors in File No.
2 190681. This Board relied on the CPE, Addendum, and related documents (the “CEQA
3 Documents”), in approving the Project. Since that time, there have been no substantial project
4 changes and no substantial changes in project circumstances that would require major
5 revisions to the CEQA Documents, and there is no new information of substantial importance
6 that would change the conclusions set forth in the CEQA Documents. The Board adopts and
7 incorporates the CEQA Documents by reference as though fully set forth herein.

8 Section 3. Land Use Findings.

9 The Board of Supervisors finds that the actions in this ordinance will serve the public
10 necessity, convenience, and general welfare pursuant to Planning Code Section 302, and are
11 in conformity with the General Plan and the eight priority policies of Planning Code Section
12 101.1 for the reasons set forth in Planning Commission Resolution No. 20486. The Board
13 hereby adopts those findings and incorporates them herein by reference.

14 Section 4. Central SoMa Legacy Business & PDR Support Fund.

15 The Administrative Code is hereby amended by adding Section 10.100-[xxx], to read
16 as follows:

17 **SEC. 10.100-[xxx] CENTRAL SOMA LEGACY BUSINESS & PDR SUPPORT FUND.**

18 (a) Establishment of Fund. The Central SoMa Legacy Business & PDR Support Fund is
19 established as a category four fund to receive fees and other contributions to the fund collected by the
20 Controller.

21 (b) Use of Fund. The Central SoMa Legacy Business & PDR Support Fund will provide
22 annual business grants of at least \$600,000 to the San Francisco Flower Mart LLC, or any successor
23 master tenant under the master lease for the San Francisco Flower Mart (the “Master Lease”), located
24 at 16th Street and Mississippi Streets, to subsidize operations of the wholesale flower market, subject to
25 the availability of funds. Grants to the master tenant will be made each year beginning in the fourth

1 year of the Master Lease term, up to the earlier of (i) 34 years after the start of the Master Lease, (ii)
2 the exhaustion of funds in the Central SoMa Legacy Business & PDR Support Fund, or (iii) the
3 termination or expiration of the Master Lease. Funds may also be used for job training, job retention,
4 and other economic development purposes in support of the wholesale flower mart. All expenditures
5 from the fund shall require prior approval of the City's Controller, in consultation with the OEWD
6 Director of Development. The amount of any grant to the master tenant shall be based upon an amount
7 that, in the City Controller's judgment, will provide a continuous revenue stream during the Master
8 Lease term and will also provide necessary support to the master tenant to continue operations. In its
9 sole discretion and subject to all approvals, the City may consider contributing additional funds to the
10 Central SoMa Legacy Business and PDR Support Fund.

11 (c) **Administration of Fund.** The City's Controller shall administer the fund and shall
12 report annually to the Board of Supervisors on the current status of the fund, the amounts approved for
13 disbursement, and the number and types of businesses supported. The Controller shall have the
14 authority to prescribe rules and regulations governing the fund. Any unexpended funds remaining after
15 the earlier of (i) 34 years from the start of the Master Lease, or (ii) the expiration or termination of the
16 Master Lease, shall be either used for job training, job retention, and other economic development
17 purposes or deposited into the Eastern Neighborhoods Community Improvements Fund or the relevant
18 successor fund, as the Controller determines, following consultation with the OEWD Director of
19 Development.

20 Section 5. \$20 Million Contribution to the Central SoMa Legacy Business & PDR
21 Support Fund.

22 Consistent with the Development Agreement and as a result of rent concessions that
23 Developer made to the San Francisco Flower Mart LLC in connection with the Development
24 Agreement, upon Developer's payment to the City of \$20,000,000 into the Central SoMa
25 Legacy Business & PDR Support Fund, Developer shall receive a credit of \$28,500,000

1 against the Eastern Neighborhoods Infrastructure Fees under Planning Code Section 423 et
2 seq. that would otherwise be due and payable for the Project. The Controller shall deposit
3 Developer's \$20,000,000 payment into the Central SoMa Legacy Business & PDR Support
4 Fund to support the master tenant under the Master Lease and for other permitted uses as set
5 forth in Section 4 above. This payment shall be made by the Developer before issuance of
6 the first construction document for the Project.

7 Section 6. Jackson Playground Park Fund.

8 The Administrative Code is hereby amended by adding Section 10.100-[xxx], to read
9 as follows:

10 **SEC. 10.100-[xxx] JACKSON PLAYGROUND PARK FUND.**

11 (a) Establishment of Fund. The Jackson Playground Park Fund is established as a
12 category four fund to receive fees and other contributions to the fund.

13 (b) Use of Fund. The Jackson Playground Park Fund is to be used for the construction of
14 physical improvements to the Jackson Playground Park, and for repair and maintenance of the Jackson
15 Playground Park. All expenditures from the fund shall require prior approval of the General Manager
16 of the City's Recreation and Park Department.

17 (c) Administration of Fund. The Recreation and Park Department shall administer the
18 fund and shall report annually to the Board of Supervisors on the current status of the fund, the
19 amounts approved for disbursement, and the improvements and activities funded. The Recreation and
20 Park Department shall have the authority to prescribe rules and regulations governing the fund.

21 Section 7. \$2,158,000 Contribution to the Jackson Playground Park Fund.

22 The Controller shall place into the Jackson Playground Park Fund, upon receipt, a total
23 of \$2,158,000 of Developer's Eastern Neighborhoods Fees, with approximately \$358,000
24 coming from the Eastern Neighborhood Fees for the Permanent Offsite Facility at the 16th
25 Street Site and the remainder coming from the Eastern Neighborhood Fees for the Project at

1 the 6th and Brannan Street Site. Developer's payments shall be made as and when required
2 under Article 4 of the Planning Code.

3 Section 8. Land Dedication for Affordable Housing; Credit Against the Jobs-Housing
4 Linkage Fee.

5 In accordance with the recommendation of the Director of Mayor's Office of Housing
6 and Community Development ("MOHCD") and Director of Property, the Board of Supervisors
7 approves the conveyance of land at 71 Boardman Place and 356 Harriet Street on Assessor's
8 Block 3779, Lots 084 and 112 ("Transfer Parcel") to the City, under the jurisdiction of
9 MOHCD, in accordance with the Transfer Agreement, a copy of which is in Board File No.
10 _____ (the "Transfer Agreement"). The Board authorizes the Director of Property and
11 the MOHCD Director to execute the Transfer Agreement, to accept the deed to the Transfer
12 Parcel in the name and on behalf of the City, and to take such additional actions as may be
13 required to effectuate a transfer of the Transfer Parcel. Upon the City's acceptance of the
14 Transfer Parcel, the Project shall receive credit against the Jobs-Housing Linkage Fee, in
15 accordance with Planning Code Sections 249.78(e)(2) and 413.7, in the amount of
16 \$5,355,000.

17 Section 9. Transportation Demand Management. The first pages of the Transportation
18 Demand Management Program, Exhibit J to the Development Agreement, were inadvertently
19 excluded from the Development Agreement. The Board of Supervisors approves these three
20 pages, copies of which are in Board File No. _____, and authorizes City staff to include
21 these pages as part of the Development Agreement.

22 Section 10. Actions in Furtherance of this Ordinance.

23 The Mayor, Clerk of the Board of Supervisors, the Directors of MOHCD, Property,
24 OEWD and the Controller are hereby authorized and directed to take any and all actions
25 which they or the City Attorney may deem necessary or advisable in order to effectuate the

1 purpose and intent of this ordinance (including, without limitation, acceptance of the land
2 dedication; entering into any amendments or modifications to the Transfer Agreement that the
3 Director of Property determines, in consultation with the City Attorney and Director of MOHCD
4 to be in the best interest of the City that do not otherwise materially increase the obligations or
5 liabilities of the City and are necessary or advisable to effectuate the purposes of the Transfer
6 Agreement and are in compliance with all applicable laws.

7 Section 11. Effective Date.

8 This ordinance shall become effective 30 days after enactment. Enactment occurs
9 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
10 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the
11 Mayor's veto of the ordinance.

12
13 APPROVED AS TO FORM:
14 DENNIS J. HERRERA, City Attorney

15 By: /s/ Charles Sullivan
16 Charles Sullivan
17 Deputy City Attorney

18 n:\spec\as2021\1600101\01571312.docx

19
20
21
22
23
24
25