



January 25, 2024

Ms. Angela Calvillo, Clerk
Honorable Supervisor Shamann Walton
Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Transmittal of Planning Department Case Number 2017-011878DVA-02:
Potrero Power Station Mixed-Use Project
Board File No. 231274

Planning Commission Recommendation: **Approval**

Dear Ms. Calvillo and Supervisor Walton,

On January 18, 2024, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance, introduced by Supervisor Walton, that would amend the Potrero Power Station Development Agreement and its Financing Plan to allow implementation of an Enhanced Infrastructure Financing District (EIFD). At the hearing, the Planning Commission recommended approval.

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c) and 15378 because they do not result in a physical change in the environment.

Please find attached documents relating to the actions of the Commission. If you have any questions or require further information, please do not hesitate to contact me.

Sincerely,

Aaron D. Starr
Manager of Legislative Affairs

cc: Heidi Gewertz, Deputy City Attorney
Natalie Gee, Aide to Supervisor Walton
John Carroll, Office of the Clerk of the Board

Attachments :

Planning Commission Resolution

Planning Department Executive Summary



PLANNING COMMISSION RESOLUTION NO. 21490

HEARING DATE: JANUARY 18, 2024

Project Name: Potrero Power Station Mixed-Use Project
Case Number: 2017-011878DVA-02 [Board File No. 231274]
Zoning: Potrero Power Station Mixed-Use (PPS-MU) Zoning District
65-PPS/240-PPS Height and Bulk District
Potrero Power Station Special Use District
Block/Lot: 4175/002, 4232/006, 4175/017, 4175/018 (partial), 4232/006 (each as modified by Final Map No. 10714), and non-assessed Port and City and County of San Francisco properties
Project Sponsor: California Barrel Company LLC
2325 3rd St #434
San Francisco, CA 94107
Introduced by: Supervisor Walton, District 10
Staff Contact: Monica Giacomucci, Senior Planner
Monica.Giacomucci@sfgov.org, 628-652-7414

RESOLUTION APPROVING AN AMENDMENT TO THAT CERTAIN DEVELOPMENT AGREEMENT BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND CALIFORNIA BARREL COMPANY LLC DATED FOR REFERENCE PURPOSE ONLY AS OF SEPTEMBER 22, 2020, TO ALLOW IMPLEMENTATION OF AN ENHANCED INFRASTRUCTURE FINANCING DISTRICT PURSUANT TO CHAPTER 2.99 OF PART 1 OF DIVISION 2 OF TITLE 5 OF THE CALIFORNIA GOVERNMENT CODE, COMMENCING WITH SECTION 53398.50, AT CERTAIN REAL PROPERTY LOCATED AT ILLINOIS AND 23rd STREETS, COMPRISED OF LOTS 002, 017, AND 018 (PARTIAL) IN ASSESSOR'S BLOCK 4175 AND LOTS 001 AND 006 IN ASSESSOR'S BLOCK 4232; AND ADOPTING FINDINGS, INCLUDING ENVIRONMENTAL FINDINGS AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND PLANNING CODE SECTION 101.1.

WHEREAS, Chapter 56 of the San Francisco Administrative Code sets forth the procedure by which a request for a development agreement and amendments thereto will be processed and approved in the City and County of San Francisco;

WHEREAS, on January 30, 2020, the Planning Commission adopted Motion No. 20635, certifying the Final Environmental Impact Report (the "FEIR") for the Potrero Power Station Mixed-Use Development Project prepared pursuant to the California Environmental Quality Act (Cal. Pub. Resources Code §§ 21000 et seq.) ("CEQA"). At the same hearing, the Planning Commission adopted Motion No. 20636, adopting findings pursuant to CEQA for the Project (including a statement of overriding considerations and mitigation monitoring and reporting plan ("MMRP")), Resolution No. 20637, recommending to the Board of Supervisors approval of

the General Plan Amendments consistent with the Potrero Power Station Special Use District, Motion No. 20638, approving the Potrero Power Station Design for Development, Resolution No. 20639, recommending to the Board of Supervisors approval of amendments to the Planning Code and Zoning Map amendments to establish the Power Station Special Use District (“PPS-SUD”) and Height and Bulk districts, and Resolution No. 20640, recommending to the Board of Supervisors approval of a Development Agreement between the City and County of San Francisco and California Barrel Company LLC (“Development Agreement”);

WHEREAS, on February 25, 2020, the City and County of San Francisco Port Commission (the “Port”) adopted Resolution No. 20-12, consenting to the Development Agreement, approving a ground lease between the Port and California Barrel Company LLC (the “Port Lease”), delegating authority to the Port’s Executive Director to enter into one or more Memoranda of Understandings with various City agencies, including the San Francisco Public Utilities Commission (“SFPUC”), the San Francisco Department of Public Works (“SFPW”) and the Department of Building Inspection (“DBI”), relating to each agency’s role and responsibility, adopting environmental findings under CEQA, including the MMRP and a statement of overriding considerations;

WHEREAS, on April 21, 2020, the Board of Supervisors adopted Ordinance No. 0062-20 (File No. 200040) approving the Development Agreement, waiving or modifying certain provisions of the Administrative Code, Planning Code, Subdivision Code, and Zoning Map, and adopting environmental findings under CEQA (including the MMRP and a statement of overriding considerations), public trust findings, and findings of consistency with the General Plan and Planning Code priority policies, Ordinance 0061-20 (File No. 200039), amending the Planning Code and the Zoning Maps to establish the Power Station Special Use District and Height and Bulk districts, Ordinance 0064-20 (File No. 200174), amending the General Plan to conform the General Plan with the Potrero Power Station Special Use District, and Resolution 0164-20 (File No. 200217), approving the Port Lease;

WHEREAS, on September 9, 2020, the Planning Department published an Addendum to the Potrero Power Station Final Environmental Impact Report (“FEIR”). The Addendum found that certain amendments to the Potrero Power Station Mixed-Use Development Project would not cause new significant impacts that were not identified in the FEIR, would not result in significant impacts that would be substantially more severe than those identified in the FEIR, and would not require new mitigation measures to reduce significant impacts.

WHEREAS, on December 12, 2023, Supervisor Shamann Walton introduced a proposed ordinance under Board of Supervisors (hereinafter “Board”) File Number 231274, which would amend the development agreement between California Barrel Company LLC and the City and County of San Francisco to allow implementation of an Enhanced Infrastructure Financing District (EIFD) to permit incremental property tax allocations to finance the Project’s approved public infrastructure, affordable housing, and other facilities of communitywide such as parks and open space;

WHEREAS, on December 13, 2023, the Director of Planning received a written request from California Barrel Company LLC (“Project Sponsor”) to amend the Development Agreement pursuant to Chapter 56 of the San Francisco Administrative Code, consistent with the terms of the ordinance introduced by Supervisor Walton;

WHEREAS, in furtherance of the Project and the City’s role in subsequent approval actions relating to the Project, the City and California Barrel Company LLC negotiated an amendment to the Development Agreement for development of the Project site, which is attached as Exhibit A;

WHEREAS, the City has determined that as a result of the development of the Project site in accordance with the Development Agreement and amendment thereto, clear benefits to the public will accrue that could not be obtained through application of existing City ordinances, regulations, and policies, as more particularly described in the Development Agreement and the proposed amendment thereto and the proposed ordinance contained in Board of Supervisors File No. 231274.

WHEREAS, the amendment to the Development Agreement shall be executed by the Director of Planning and City Attorney, subject to prior approval by the Board of Supervisors.

WHEREAS, the Planning Commission finds that there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the FEIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the FEIR. No further environmental review is required.

WHEREAS, on January 30, 2020, by Motion No. 20637, the Commission adopted findings regarding the Project's consistency with the General Plan, Planning Code Section 101.1, and all other approval actions associated with the development therein, which findings appropriately support the Commission's resolution as set forth herein and are hereby incorporated by this reference as if fully set forth herein;

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties;

WHEREAS, all pertinent documents may be found in the files of the Department, as the Custodian of Records, at 49 South Van Ness Avenue, Suite 1400, San Francisco;

WHEREAS, the Planning Commission has reviewed the proposed ordinance;

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

NOW BE IT THEREFORE RESOLVED, that the Planning Commission hereby approves a Resolution recommending that the Board of Supervisors approve the proposed ordinance and amendment to the Development Agreement, in substantially the form attached hereto as Exhibit A.

AND BE IT FURTHER RESOLVED, that the Commission finds that the application, public notice, Planning Commission hearing, and Planning Director reporting requirements regarding the Development Agreement negotiations contained in Administrative Code Chapter 56 required of the Planning Commission and the Planning Director have been substantially satisfied in light of the regular meetings held since 2020, the public informational hearings provided by the Planning Department staff at the Planning Commission, and the information contained in the Director's Report.

AND BE IT FURTHER RESOLVED, that the Commission authorizes the Planning Director to take such actions and make such changes as deemed necessary and appropriate to implement this Commission's approval and to incorporate recommendations or changes from other City agencies and/or the Board, provided that such changes do not materially increase any obligations of the City or materially decrease any benefits to the City contained in the Development Agreement, including the amendment thereto attached as Exhibit A.

Findings

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The proposed amendment would assist in implementation of the Potrero Power Station Mixed-Use Project, which will construct affordable and market-rate housing, commercial facilities, recreational facilities, and numerous public benefits on a historically underutilized and underdeveloped site;
2. The proposed amendment would allow the Potrero Power Station Mixed-Use Project to deliver affordable housing units in a consistent and timely manner;
3. The proposed amendment would allow the Potrero Power Station Mixed-Use Project to finance essential infrastructure resulting in a vibrant, safe, and well-connected neighborhood with substantial open space and thoughtful connections between private buildings and the public realm;
4. The proposed amendment would allow the Potrero Power Station Mixed-Use Project to finance parks and open spaces in a neighborhood historically devoid of such amenities;
5. The Project Sponsor has diligently pursued vertical and horizontal development at the Project Site and consistently acted in good faith since the Potrero Power Station Mixed-Use Project was initially approved on January 30, 2020.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on January 18, 2024.



Jonas P. Ionin
Commission Secretary

Jonas P Ionin

Digitally signed by Jonas P Ionin
Date: 2024.01.19 13:38:57
-08'00'

AYES: Braun, Ruiz, Tanner, Imperial, Koppel, Moore, Diamond

NOES: None

ABSENT: None

ADOPTED: January 18, 2024

[Development Agreement Amendment - California Barrel Company, LLC - Potrero Power Station]

Ordinance amending a Development Agreement between the City and County of San Francisco and California Barrel Company, LLC, a Delaware limited liability company, for the Potrero Power Station project, to allow for the establishment of San Francisco Enhanced Financing District No. 1 (Power Station); making findings under the California Environmental Quality Act; and findings of conformity with the General Plan, and with the eight priority policies of Planning Code, Section 101.1(b).

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

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

(a) California Barrel Company LLC, a Delaware limited liability company ("Developer"), owns approximately 21 acres of developed and undeveloped land located in the City and County of San Francisco ("City"), generally bound by 22nd Street to the north, the San Francisco Bay to the east, 23rd Street to the south, and Illinois Street to the west ("Developer Property").

(b) The Developer and the City executed a Development Agreement dated September 22, 2020, and subject to amendment from time to time ("Development Agreement"), relating to the proposed development of a project known as the Potrero Power Station ("Project"). The Development Agreement was approved by the Board of Supervisors and Mayor in Ordinance No. 62-20, a copy of which is in File No. 200040.

1 (c) The Project is a phased, mixed use development on or around the Developer
2 Property that is more particularly described in the Development Agreement.

3 (d) By Resolution No. 133-23, the Board of Supervisors and Mayor approved the
4 Resolution of Intention to Establish San Francisco Enhanced Infrastructure Financing District
5 No. 1 (Power Station) in relation to the Project (the "EIFD").
6

7 Section 2. Development Agreement Amendment.

8 (a) The Board of Supervisors approves an amendment to the Development
9 Agreement, to revise Exhibit C, the Financing Plan, to the Development Agreement, to make
10 certain changes to allow for the establishment of the EIFD, as well as necessary revisions to
11 the Development Agreement for the establishment of the EIFD, in substantially the form on file
12 with the Clerk of the Board of Supervisors in File No. 231274.

13 (b) The Board of Supervisors approves and authorizes the execution, delivery and
14 performance by the City of the amendment to the Development Agreement as follows: (i) the
15 Director of Planning and (other City officials listed thereon) are authorized to execute and
16 deliver the Development Agreement; and (ii) the Director of Planning and other applicable City
17 officials are authorized to take all actions reasonably necessary or prudent to perform the
18 City's obligations under the Development Agreement in accordance with the terms of the
19 Development Agreement amendment.

20 (c) The Board of Supervisors finds that this ordinance satisfies the requirements of
21 both Article 11 of the Development Agreement and Article 56 of the Administrative Code as
22 governing the amendment of the Development Agreement.

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1 Section 3. CEQA Findings.

2 (a) On January 30, 2020, by Motion No. 20635, the Planning Commission certified
3 as adequate, accurate, and complete the Final Environmental Impact Report ("FEIR") for the
4 Project pursuant to the California Environmental Quality Act (California Public Resources
5 Code Sections 21000 et seq.) ("CEQA"). A copy of Planning Commission Motion No. 20635
6 is on file with the Clerk of the Board of Supervisors in File No. 200040.

7 (b) On September 9, 2020, the Planning Department published an Addendum to the
8 FEIR finding certain proposed changes to the Project's phasing plan did not change the
9 conclusions of the FEIR and that the changes would not result in substantially more severe
10 impacts than what was identified in the FEIR (the "FEIR Addendum").

11 (c) The Board of Supervisors has reviewed and considered the FEIR and FEIR
12 Addendum, and finds that the FEIR and the FEIR Addendum are adequate for their use for
13 the actions taken by this ordinance and incorporates the FEIR and the CEQA findings
14 contained in Ordinance No. 62-20 and the FEIR Addendum by this reference and further finds
15 that, pursuant to CEQA Guidelines Section 15162, no additional environmental review is
16 required because there are no substantial changes to the Project analyzed in the FEIR and
17 the FEIR Addendum, no change in circumstances under which the Project is being
18 undertaken, and no new information that was not known and could not have been known
19 shows that new significant impacts would occur, that the impacts identified in the FEIR and
20 the FEIR Addendum as significant impacts would be substantially more severe, or that
21 mitigation or alternatives previously found infeasible are now feasible.

22
23 Section 4. General Plan and Planning Code Section 101.1 (b) Findings.

24 The Board of Supervisors found the Development Agreement conforms with the
25 General Plan and the eight priority policies of Planning Code Section 101.1 by the findings set

1 forth in subsection (a) of Ordinance 64-20 (File No. 200174). The Board of Supervisors
2 incorporates the foregoing findings and determines that such findings are adequate for their
3 use of the actions taken by this Ordinance, including approval of the amendment to the
4 Development Agreement.

5
6 Section 5. Effective Date. This ordinance shall become effective 30 days after
7 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
8 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
9 of Supervisors overrides the Mayor's veto of the ordinance.

10
11 APPROVED AS TO FORM:
12 DAVID CHIU, City Attorney

13 By: /s/ Heidi J. Gewertz
14 HEIDI J. GEWERTZ
 Deputy City Attorney

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EXECUTIVE SUMMARY RESOLUTION

HEARING DATE: JANUARY 18, 2024

Record No.: 2017-011878DVA-02
Project Address: 420 23rd Street (Potrero Power Station Mixed-Use Project)
Zoning: Potrero Power Station Mixed-Use (PPS-MU) Zoning District
65-PPS/240-PPS Height and Bulk District
Potrero Power Station Special Use District
Cultural District: None
Block/Lot: 4175/002, 4232/006, 4175/017, 4175/018 (partial), 4232/006 (each as modified by Final Map No. 10714), and non-assessed Port and City and County of San Francisco properties
Project Sponsor: California Barrel Company LLC
2325 3rd St #434
San Francisco, CA 94107
Property Owner: Same As Above (together with its affiliates)
Staff Contact: Monica Giacomucci – (628) 652-7414
monica.giacomucci@sfgov.org
Environmental Review: Addendum to FEIR - On January 30, 2020 the Planning Commission certified the [Final Environmental Impact Report](#). On September 9, 2020, the Planning Department published an Addendum to the FEIR.

Recommendation: Approval

Project Description

The Project includes a modification to the Development Agreement between the City and County of San Francisco and California Barrel Company for the Potrero Power Station Mixed-Use Project. The proposed modification will

allow the implementation of an Enhanced Infrastructure Financing District (EIFD) to permit incremental property tax allocations to finance the public infrastructure, affordable housing, and other facilities of communitywide significance such as parks and open space previously approved as part of the Development Agreement. In addition, the EIFD may be used to finance public capital facilities and projects of communitywide significance required, or those permitted by the Development Agreement, the Plan Documents, or the Approvals for the Project, and other authorized costs and to pay debt service on bonds and other debt of the Power Station EIFD.

Required Commission Action

In order for the Project to proceed, the Commission must provide a recommendation to the Board of Supervisors on the proposed legislation introduced by Supervisor Shamann Walton (Board File No. 231274), which would authorize an amendment to the Potrero Power Station Development Agreement and its Financing Plan.

Issues and Other Considerations

- **Public Comment & Outreach.**
 - **Support/Opposition:** The Department has not received any letters in support or in opposition to the Project.
 - **Outreach:** The Project Sponsor has engaged in a robust community outreach program throughout the development and refinement of the Project design over the past several years. Community engagement included roughly 170 community meetings, public site tours, workshops and presentations, Project Sponsor office hours, presentations to the Eastern Neighborhoods Community Advisory Committee, the Potrero Boosters, the Dogpatch Neighborhood Association, SPUR, the Housing Action Coalition, the Port, the Historic Preservation Commission, and the Planning Commission. The Project Sponsor hosts quarterly update meetings for members of the community where developments such as the proposed Project may be presented and discussed.
- **Potrero Power Station Mixed-Use Project.** The Potrero Power Station Mixed-Use Development Project is a multi-phased, mixed-use development, involving the construction of a variety of residential, commercial, parking, community facilities, and open space land uses, all in accordance with the Development Agreement. Residential uses will include both market-rate and affordable housing, and commercial uses will include office, research and development/life science, retail, hotel, entertainment/assembly, and production, distribution, and repair (PDR) uses, as further set forth in Planning Code Section 249.87. The Project includes public access areas and open space, playing fields and other active open space uses, a dock facility and other shoreline improvements, transportation improvements and an internal grid of public streets, shared public ways, and utilities infrastructure. Overall, the Project consists of up to approximately 5.4 million gross square feet of development.
- **Project Approvals to Date.** Prior to submittal of the current DA modification request, the Project has received the following approvals from the Planning Director and/or Planning Commission:
 - On January 30, 2020, the Planning Commission adopted Motion No. 20635, certifying the Final Environmental Impact Report; through Motion No. 20636, adopted findings pursuant to CEQA for the Project (including a statement of overriding considerations and a mitigation monitoring and reporting

plan); adopted Resolution No. 20637, recommending to the Board of Supervisors approval of the General Plan Amendments consistent with the Potrero Power Station Special Use District; adopted Motion No. 20638, approving the Potrero Power Station Design for Development; adopted Resolution No. 20639, recommending to the Board of Supervisors approval of amendments to the Planning Code and Zoning Map to establish the Power Station Special Use District and Height and Bulk districts; and adopted Resolution No. 20640, recommending to the Board of Supervisors approval of a Development Agreement between the City and County of San Francisco and California Barrel Company LLC. The Project was finally approved by the Board of Supervisors on April 21, 2020.

- On October 7, 2020, the Planning Director approved a Development Agreement Phase 1 Application and Phasing Plan Amendment Application.
- On October 22, 2020, the Planning Commission approved an Office Development Authorization to allocate 403,750 square feet of office use to Block 15 through Motion No. 20801 and a major modification of off-street loading entrance requirements at Block 15 through Motion No. 20802.
- On October 21, 2021, the Planning Commission approved an Office Development Authorization using the Office Jobs/Affordable Housing Balance Incentive Reserve to allocate 896,323 square feet of office use at the Project Site over the 30-year term of the Development Agreement through Motion No. 21019.
- On March 2, 2022, the Planning Director approved a vertical development application with minor modifications for Blocks 7A, 7B, 8, and 15.
- On June 23, 2022, the Planning Director approved a horizontal development application for Louisiana Paseo and Power Station Park.
- On July 28, 2022, the Planning Commission adopted Motion No. 21155, approving an Office Development Authorization to allocate 3,426 square feet of office use to Block 15, correcting a previous approval. The Commission also adopted Resolution No. 21156 for a non-material amendment to the Phasing Plan to remove the requirement to dedicate one building on the Project Site not less than 130,000 square feet to Life Science Uses.
- On April 25, 2023, the Planning Director approved non-material amendments to the Phasing Plan and Housing Plan to allow the following: modifications to the timeline and disbursement of financial obligations for a Community Facility operator; modifications to the size and delivery timeline of Childcare facilities; and amendment to the Housing Plan to remove a cap on the number of Inclusionary Units which may be transferred to the Homeless Prenatal Program in a given Development Phase.
- **Enhanced Infrastructure Financing District Statute.** On September 29, 2014, California Senate Bill 628 was signed into law, which authorizes municipalities to create Enhanced Infrastructure Financing Districts (EIFDs) to fund infrastructure development and community benefits. EIFDs provide a tool for municipalities to allocate anticipated new tax revenue toward certain development activities based on tax increment financing (TIF). Senate Bill 628 requires a city council or county board of supervisors, before it adopts an infrastructure financing plan and forms an EIFD, to establish a public financing authority (PFA) with a specified membership

comprising both members of the public and members from the legislative bodies of participating taxing entities. On April 4, 2023, the Board of Supervisors adopted Ordinance No. 044-23 establishing the Enhanced Infrastructure Financing District Public Financing Authority No. 1 as the governing board of the EIFD. A municipality is required to begin the process of forming an EIFD by adopting a resolution of intention to establish an EIFD. The resolution must state a time and place for a hearing on the proposal, the proposed district's boundaries, the types of facilities and development to be financed, the need for the district, the goals the district proposes to achieve, and that incremental property tax revenues may be used to finance the EIFD's activities. After adopting the resolution of intention, the city or county must provide public notice, as specified, and direct an official to prepare an infrastructure financing plan.

- **Proposed Amendment: Power Station Enhanced Infrastructure Financing District.** On February 27, 2023 the Capital Planning Committee approved updates to the Infrastructure Financing District Guidelines in the Capital Plan. This update is intended to supplement the Board of Supervisor Guidelines for the Establishment and Use of Infrastructure Financing Districts in San Francisco (Board Guidelines), which were approved by the Board of Supervisors pursuant to Resolution No. 6611, which was adopted by the Board of Supervisors on February 8, 2011, and signed by the Mayor on February 18, 2011. The IFD policy was updated as part of Mayor London Breed's Housing for All Plan that will implement the goals and policies in the certified Housing Element. Infrastructure Financing Districts are an effective tool to accelerate the production of housing in projects that contain significant infrastructure needs. This updated policy sets the specific criteria for establishing new EIFDs in projects that will significantly expand San Francisco's housing supply. Entitled large projects in the pipeline are our best and fastest opportunity to add significant housing supply. Yet these projects are grappling with significant feasibility issues that are inhibiting their progress. The City can accelerate pipeline projects by investing funds to pay for the public infrastructure that must be built before housing parcels are ready for construction. The City would receive new public infrastructure faster and unlock an expansion of our housing supply plus associated community benefits.

On March 21, 2023 the Board of Supervisors adopted Resolution No. 133-23 (the "Resolution of Intention") stating its intention to establish the "San Francisco Enhanced Infrastructure Financing District No. 1 (Power Station)" and identifying the project area. At Power Station, the EIFD will reduce the project's cost of public infrastructure on a dollar-for-dollar basis at a moment when infrastructure is not financeable. The EIFD provides a predictable source of funding for vertical construction in future phases of the project – signaling to the market a clear (and contractual) path forward. Absent EIFD, even high momentum projects like Power Station that require significant infrastructure will pause or stop. With an EIFD, infrastructure construction will continue unabated and allow for the construction of the housing and community benefits provided in the project. On July 17, 2023, the PFA adopted a resolution directing the preparation of an Infrastructure Financing Plan (the "IFP") for the EIFD, which will describe in greater detail the public facilities and other specified projects of communitywide significance to be financed, a financing section specifying the incremental tax revenue of the City to be committed to the EIFD, and other such information and analyses required under the EIFD Law.

Because the establishment of an EIFD was not anticipated within the Development Agreement, amendments to the DA and its Financing Plan are required to allow the improvements on the Project Site be eligible for financing by the EIFD. The Planning Commission must review and approve all proposed amendments to Development Agreements through resolution which is subsequently referred to the Board of Supervisors for adoption.

Environmental Review

On January 30, 2020, the Planning Commission certified the Final Environmental Impact Report (FEIR). On September 9, 2020, the Planning Department published an Addendum to the FEIR. Planning Department Environmental Review Staff have determined that the proposed amendment to the Development Agreement and its Financing Plan does not constitute a substantial project change and that there have been no substantial changes in project circumstances that would require major revisions to the FEIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the FEIR or Addendum.

Basis for Recommendation

The Department finds that the Project is, on balance, consistent with the Central Waterfront Area Plan and the Objectives and Policies of the General Plan. Overall, the proposed Project will allow the Potrero Power Station Mixed-Use Development to continue providing substantial community benefits, such as public infrastructure affordable housing, parks and other open space by modifying the method of financing such benefits as anticipated. Consistent, timely delivery of affordable housing units and other community benefits is a goal of the City of San Francisco. The Department also finds the Project to be necessary, desirable, and compatible with the surrounding neighborhood, and not to be detrimental to persons or adjacent properties in the vicinity.

Attachments:

Draft Resolution – Modification to Development Agreement and Financing Plan

Exhibit A – Board of Supervisors File No. 231274

Exhibit B - Letter to Director Hillis Requesting Modification of Development Agreement and Financing Plan (dated December 13, 2023)

Attachment 1 - Proposed First Amendment to Development Agreement with Amended and Restated Financing Plan (Exhibit C of Attachment 1)¹

Exhibit C – Interpretive Supplement to Board of Supervisors Guidelines for the Establishment and Use of Infrastructure Financing Districts in San Francisco (updated February 27, 2023)

Exhibit D – Planning Commission Resolution No. 20637

Exhibit E – Maps and Context Photos

¹ The full text of the Potrero Power Station Development Agreement is available on the [Planning Department's website](#).