

1 [Development Agreement - Stonestown NW Parcel LLC, Stonestown Shopping Center, L.P.,
 2 and Stonestown Anchor Acquisition, L.P - Stonestown Development Project - Waiver of
 Various Municipal Code Provisions]

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 4 **Ordinance approving a Development Agreement between the City and County of San**
 5 **Francisco and Stonestown NW Parcel LLC, a Delaware limited liability company,**
 6 **Stonestown Shopping Center, L.P., a Delaware limited partnership, and Stonestown**
 7 **Anchor Acquisition, L.P, a Delaware limited partnership, for the Stonestown**
 8 **Development Project at the approximately 30-acre site generally bounded by 19th**
 9 **Avenue to the east, Buckingham Way to the south and west, and Rolph Nicol Jr.**
 10 **Playground and Eucalyptus Drive to the north, in the southwest part of San Francisco,**
 11 **including affordable and market rate housing and approximately six acres of open**
 12 **space; making findings under the California Environmental Quality Act; making**
 13 **findings of conformity with the General Plan, and with the eight priority policies of**
 14 **Planning Code, Section 101.1(b), and findings of public convenience, necessity, and**
 15 **welfare under Planning Code, Section 302; and confirming compliance with or waiving**
 16 **certain provisions of the Planning Code, Administrative Code, Subdivision Code,**
 17 **Campaign and Governmental Conduct Code, and Public Works Code, and ratifying**
 18 **actions taken and authorizing future actions to be taken in connection with the**
 19 **Development Agreement, as defined herein.**

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

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

2
3 Section 1. Project Findings.

4 The Board of Supervisors makes the following findings:

5 a) California Government Code Sections 65864 et seq. authorizes any city, county,
6 or city and county to enter into an agreement for the development of real property within its
7 jurisdiction. Chapter 56 of the San Francisco Administrative Code (“Chapter 56”) sets forth
8 certain procedures for the processing and approval of development agreements in San
9 Francisco.

10 b) Stonestown NW Parcel LLC, a Delaware limited liability company, Stonestown
11 Shopping Center, L.P., a Delaware limited partnership, and Stonestown Anchor Acquisition,
12 L.P, a Delaware limited partnership (collectively “Developer”) owns the approximately 30
13 acres of developed land located in the southwest part of San Francisco, generally bounded by
14 Eucalyptus Drive to the north, 19th Avenue to the east, Buckingham Way to the south and
15 west, and Rolph Nicol Jr. Playground and Eucalyptus Drive to the north, as more specifically
16 described on Exhibit A-1 to the Development Agreement (the “Developer Property”). The
17 Developer Property is fully developed and comprises approximately 27 acres of surface
18 parking lots and operational uses, a vacant building, and approximately three acres of existing
19 privately-owned streets.

20 c) Temple Baptist Church or its successor owns approximately 0.8 acres of land
21 located adjacent to 19th Avenue along the eastern boundary of the Developer Property
22 (Block/Lot 7295/002) that is improved with a church building, as further described on Exhibit
23 A-2 to the Development Agreement (the “Variant Sub-Area”).

24 d) The City and County of San Francisco (the “City”) owns the approximately three-
25 acre open space known as Rolph Nicol Jr. Playground adjacent to the northwest corner of the

1 Developer Property, all on real property more particularly described on Exhibit A-3 to the
2 Development Agreement (the “RPD Parcel”). The RPD Parcel is under the jurisdiction of the
3 Recreation and Park Department (“RPD”).

4 e) The City also owns approximately 0.2 acres of developed and undeveloped
5 public rights-of-way, consisting of portions of Winston Drive and Monte Vista Drive, all on real
6 property more particularly shown on Exhibit A-4 to the Development Agreement (the “Existing
7 City-Owned Rights-of-Way”).

8 f) The “Project Site” consists collectively of the four properties identified in
9 subsections (b)-(e), above: the Developer Property, the Variant Sub-Area, portions of the RPD
10 Parcel that will be improved and maintained by Developer, and the Existing City-Owned
11 Rights-of-Way. Developer also owns the existing 775,000 square-foot Stonestown Galleria,
12 as shown on Exhibit A-5 (the “Stonestown Galleria Mall”), which is not a part of the Project
13 Site but is included in the development agreement relating to the Project Site (the
14 “Development Agreement”) for the limited purposes specified in the Development Agreement.

15 g) Developer filed an application with the Planning Department for approval of a
16 development agreement relating to the Project Site under Chapter 56. A copy of the
17 Development Agreement is on file with the Clerk of the Board of Supervisors in File
18 No. 240410.

19 h) Developer proposes a mixed use development to be developed on the Project
20 Site that will include residential, retail, commercial, open space, parking and related uses (the
21 “Project”), all as more particularly described in the Development Agreement, and in
22 subsection (l), below.

23 i) As set forth in the Development Agreement, the City agrees to initiate the
24 process to vacate portions of the Existing City-Owned Rights-of-Way and following any
25 vacation and satisfaction of any applicable City conditions, to convey the underlying land to

1 Developer in connection with the land assembly required for the Project (the "Street Vacation
2 Actions"). In return, Developer will convey certain land to the City as set forth in the
3 Development Agreement.

4 j) In conjunction with this Ordinance, the Board of Supervisors is taking a number
5 of actions in furtherance of the Project, as generally described in the Development
6 Agreement, including those specified in Exhibit C to the Development Agreement (the "Initial
7 Approvals").

8 k) Although the Development Agreement is between the City, acting primarily
9 through the Planning Department, and Developer, other City agencies retain a role in
10 reviewing and issuing certain later approvals for the Project. Later approvals include but are
11 not limited to all approvals required under the Stonestown Special Use District ("SUD") or as
12 otherwise set forth in the Municipal Code, Design Review Applications or Development Phase
13 Applications, approval of subdivision maps and plans for horizontal improvements and public
14 facilities, acceptance of Developer's dedications of horizontal improvements and certain park
15 improvements for City maintenance and liability under the Subdivision Code, Street Vacation
16 Actions, demolition permits, grading permits, site permits, building permits, sewer and water
17 connection permits, major and minor encroachment permits, street improvement permits,
18 permits to enter, certificates of occupancy, transit stop relocation permits, public utility
19 easement vacation approvals and ordinances, public improvement agreements, improvement
20 plans, and any amendment to the foregoing or to any Initial Approval. As a result, affected
21 City agencies have consented to the Development Agreement.

22 l) The Project is a phased, mixed use development on the Project Site that will
23 include up to approximately 3.9 million square feet of new construction, and may include (i) up
24 to approximately 3,341 residential units (or approximately 3,491 residential units with the
25 addition of the Variant Sub-Area), consisting of a mix of market rate and affordable rental and

1 for-sale housing in a variety of housing types from townhomes to mid- and high-rise buildings,
2 (ii) up to approximately 160,000 square feet of net new Retail Sales and Service Use (i.e.,
3 retail/restaurant/commercial or similar use), (iii) up to approximately 96,000 net new square
4 feet of Non-Retail Sales and Service Use (e.g., general office, life science or similar uses), (iv)
5 up to approximately 53,000 net new square of feet of cultural, institutional, and educational
6 uses, (up to approximately 63,000 net new square feet of such uses with the addition of the
7 Variant Sub-Area), (v) up to 4,450 parking spaces (or up to 4,861 parking spaces with the
8 addition of the Variant Sub-Area), and (vi) approximately 6 net new acres of privately owned,
9 publicly accessible open space, which exceeds the amount prescribed by open space
10 requirements under the Planning Code.

11 m) In order to facilitate the development of the Project and achieve the significant
12 community benefits described above, and in recognition of the decreased visibility of the
13 existing Stonestown Galleria Mall from 19th Avenue as a result of the Project's development,
14 the City is concurrently adopting a Special Sign District to provide adequate signage
15 opportunities for the Stonestown Galleria Mall.

16 n) The Project is anticipated to generate an annual average of approximately 691
17 construction jobs during construction and, upon completion, approximately 775 net new
18 permanent on-site jobs, development impact fees including approximately \$50,000,000 for
19 transportation, and approximately \$9,000,000 in annual general fund revenues to the City. In
20 addition to the significant housing, jobs, and economic benefits to the City from the Project,
21 the City has determined that as a result of the development of the Project in accordance with
22 the Development Agreement and SUD, additional benefits to the public will accrue that could
23 not be obtained through application of existing City ordinances, regulations, and policies.
24 Major additional public benefits to the City from the Project include: (i) conversion of parking
25 lots to housing, including affordable housing, (ii) construction and maintenance of new parks,

1 pedestrian pathways, and landscape areas for a total of approximately 6 acres of publicly
2 accessible open areas, (iii) transportation demand management measures that exceed the
3 level otherwise required, (iv) street and infrastructure improvements, including enhancement
4 of existing public right-of-way, (v) workforce obligations, (vi) on-site childcare facilities, (vii) on-
5 site senior community center, and (viii) improvements to Rolph Nicol Jr. Playground, each as
6 further described in the Development Agreement.

7 o) The Development Agreement will eliminate uncertainty in the City’s land use
8 planning for the Project Site and secure orderly development.

9 Section 2. CEQA Findings.

10 On May 9, 2024, by Motion No. 21559, the Planning Commission certified as adequate,
11 accurate, and complete the Final Environmental Impact Report (“FEIR”) for the Project
12 pursuant to the California Environmental Quality Act (California Public Resources Code
13 Sections 21000 et seq.) (“CEQA”). A copy of Planning Commission Motion No. 21559 is on
14 file with the Clerk of the Board of Supervisors in File No. 240575. Also on May 9, 2024, by
15 Motion No. 21560, the Planning Commission adopted findings, including a rejection of
16 alternatives and a statement of overriding considerations (the “CEQA Findings”) and a
17 Mitigation Monitoring and Reporting Program (“MMRP”). These Motions are on file with the
18 Clerk of the Board of Supervisors in File No. 240575. In accordance with the actions
19 contemplated herein, this Board has reviewed the FEIR and related documents, and adopts
20 as its own and incorporates by reference as though fully set forth herein the CEQA Findings,
21 including the statement of overriding considerations, and the MMRP.

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

23 (a) The Board of Supervisors is considering companion legislation that adopts
24 public necessity findings under Planning Code Section 302 and General Plan amendments. A
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1 copy of the companion legislation is on file with the Clerk of the Board of Supervisors in File
2 No. 240575 and is incorporated herein by reference.

3 (b) For purposes of this Ordinance, the Board of Supervisors finds that the
4 Development Agreement will serve the public necessity, convenience, and general welfare for
5 the reasons set forth in the companion legislation identified in subsection (a).

6 (c) For purposes of this Ordinance, the Board of Supervisors finds that the
7 Development Agreement is consistent with the General Plan, as proposed to be amended,
8 and the eight priority policies of Planning Code Section 101.1 for the reasons set forth in the
9 companion legislation identified in subsection (a).

10 Section 4. Development Agreement.

11 (a) The Board of Supervisors approves all of the terms and conditions of the
12 Development Agreement, in substantially the form on file with the Clerk of the Board of
13 Supervisors in File No. 240410.

14 (b) The Board of Supervisors approves and authorizes the execution, delivery,
15 recordation, and performance by the City of the Development Agreement as follows: (i) the
16 Director of Planning and (other City officials listed thereon) are authorized to execute and
17 deliver the Development Agreement, with signed consents of those City departments,
18 agencies, boards, commissions, and bureaus that have disposition, subdivision or other
19 permit, entitlement, or approval authority or jurisdiction over development of the Project, or
20 any improvement located on or off the Project Site, including but not limited to the San
21 Francisco Municipal Transportation Agency, the San Francisco Public Utilities Commission,
22 the Department of Public Works, the Recreation and Park Commission, and the Fire
23 Department, and (ii) the Director of Planning and other applicable City officials are authorized
24 to take all actions reasonably necessary or prudent to perform the City's obligations under the
25 Development Agreement in accordance with the terms of the Development Agreement.

1 Without limiting the foregoing, (i) the Director of Public Finance and the Controller are
2 authorized to take all preliminary actions required to form the Enhanced Infrastructure Finance
3 District (“EIFD”) as described in the Financing Plan, provided the actual EIFD formation
4 documents and issuance of debt will be subject to the review and approval of the Board of
5 Supervisors, and (ii) the Recreation and Park Commission is authorized to enter into the
6 agreements contemplated by the RPD Improvements Exhibit attached to the Development
7 Agreement.

8 (c) The Director of Planning, at the Director’s discretion and in consultation with the
9 City Attorney, is authorized to enter into any additions, amendments or other modifications to
10 the Development Agreement that the Director of Planning determines are in the best interests
11 of the City and that do not materially increase the obligations or liabilities of the City or
12 materially decrease the benefits to the City as provided in the Development Agreement.

13 (d) 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 actions to be taken
16 by City officials consistent with the Development Agreement and this Ordinance.

17 Section 5. Board Authorization and Appropriation.

18 By approving the Development Agreement, the Board of Supervisors authorizes the
19 Controller and City Departments to accept the funds paid by Developer as set forth therein,
20 and to appropriate and use the funds for the purposes described therein. The Board
21 expressly approves the use of the development impact fees as set forth in the Development
22 Agreement, and waives or overrides any provision in Article 4 of the Planning Code, Chapter
23 10, and Article X of the Administrative Code that would otherwise conflict with the uses of
24 these funds as described in the Development Agreement.

25 Section 6. Administrative Code Chapter 56 Waivers.

1 (a) In connection with the Development Agreement, the Board of Supervisors finds
2 that the City has substantially complied with the requirements of Administrative Code Chapter
3 56, and waives any procedural or other requirements if and to the extent that they are not
4 strictly followed, including Section 56.4 (Application, Forms, Initial Notice, Hearing); Section
5 56.8 (Notice); and Section 56.10 (Negotiation Report and Documents).

6 (b) The Development Agreement shall prevail in the event of any conflict between
7 the Development Agreement and Administrative Code Chapter 56, and without limiting the
8 generality of the foregoing, the following provisions of Administrative Code Chapter 56 are
9 waived to the extent inconsistent with the Development Agreement, or deemed satisfied, as
10 follows:

11 (1) The Project comprises approximately 30 acres and is the type of large
12 multi-phase and/or mixed-use development contemplated by the Administrative Code and
13 therefore satisfies the provisions of Chapter 56, Section 56.3(g).

14 (2) The provisions of the Development Agreement regarding any amendment
15 or termination, including those relating to "Material Change," shall apply in lieu of the
16 provisions of Chapter 56, Section 56.15 and Section 56.18.

17 (3) The provisions of Chapter 56, Section 56.20 have been satisfied by the
18 Memorandum of Understanding between Developer and the Office of Economic and
19 Workforce Development for the reimbursement of City costs, a copy of which is on file with the
20 Clerk of the Board of Supervisors in File No. 240410.

21 (4) The provisions of Chapter 56, Section 56.17 (Annual Review) are waived
22 to the extent inconsistent with the Development Agreement.

23 Section 7. Other Administrative Code Waivers.

24 (a) The Board of Supervisors approves the Workforce Agreement attached to the
25 Development Agreement, the requirements of which shall apply and shall supersede, to the

1 extent of any conflict, these provisions of Administrative Code: (i) Chapter 6 (Public Works
2 Contracting Policies and Procedures) other than the payment of prevailing wages as required
3 in Chapter 6; (ii) Chapter 14B (Local Business Enterprise Utilization and Non-Discrimination in
4 Contracting); (iii) Chapter 83 (First Source Hiring Program); (iv) Chapter 56, Section 56.7(c);
5 (v) Chapter 82 (Local Hiring Policy for Construction); and (vi) to the extent that the
6 Development Agreement contemplates the conveyance of vacated streets or other land
7 conveyances from the City to Developer, Chapter 23, Article VII (Prevailing Wage,
8 Apprenticeship, and Local Hire Requirements).

9 (b) The Board of Supervisors finds that, so long as the square footage of property
10 conveyed to the City is greater than the square footage of the portions of the Existing City-
11 Owned Rights-of-Way that are contemplated to be conveyed to Developer in connection with
12 the Street Vacation Actions, no appraisal of value of the acquired or conveyed property will be
13 required by the City, and the requirements of Administrative Code Section 23.3 are waived.

14 (c) The Board of Supervisors authorizes the Director of Property, and other City
15 agency if applicable, to accept or to grant easements, licenses, or enter into other agreements
16 concerning real property, whether such easements, licenses, or agreements are temporary,
17 interim, or permanent, that the Director of Property and the affected City agency determine
18 are reasonably necessary in furtherance of implementation of the Project, whether on or off
19 the Project Site, and on terms acceptable to the Director of Property in the Director's sole
20 discretion. Accordingly, the Board of Supervisors waives any provisions of Administrative
21 Code Chapter 23, Article I that conflict with the foregoing sentence.

22 (d) The Board of Supervisors finds that the Development Agreement, including the
23 affordable housing obligations set forth therein, satisfies the requirements of Administrative
24 Code Chapter 41B (Community Opportunity to Purchase) and waives the application of
25 Chapter 41B to transfers of Developer's interest in any portion of the Project Site through the

1 construction, completed development, and first transfer of any portion of the Project Site after
2 the initial transfer of Developer’s interest that is considered a Change in Ownership by the
3 Office of the Assessor-Recorder.

4 Section 8. Planning Code and Public Works Code Waivers.

5 (a) The Board of Supervisors finds that the impact fees and other exactions due
6 under the Development Agreement will provide greater benefits to the City than the impact
7 fees and exactions under Planning Code Article 4 and therefore waives the application of, and
8 to the extent applicable exempts the Project from, impact fees and exactions under Planning
9 Code Article 4 on the condition that Developer pays the impact fees and exactions due under
10 the Development Agreement.

11 (b) The Board of Supervisors finds that the Transportation Plan attached to the
12 Development Agreement includes a Transportation Demand Management Plan (“TDM Plan”)
13 and other provisions that meet the goals of the City’s Transportation Demand Management
14 Program in Planning Code Section 169, and therefore waives the application of Section 169 to
15 the Project on the condition that Developer implements and complies with the TDM Plan.

16 (c) The Board of Supervisors finds that the Design Standards and Guidelines and
17 Infrastructure Plan attached to the Development Agreement provide sufficient benefits and
18 community improvements regarding open space and set forth sufficient standards for
19 streetscape design, and therefore waives the requirements of Planning Code Section 138.1
20 (Streetscape and Pedestrian Improvements) and Public Works Code Section 806(d)
21 (Required Street Trees for Development Projects).

22 (d) The Board of Supervisors finds that the Affordable Housing Plan attached to the
23 Development Agreement meets and exceeds the requirements for provision of affordable
24 housing under Planning Code Section 415 et seq., and therefore waives the application of,
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1 and to the extent applicable exempts the Project from, Planning Code Section 415 et seq. on
2 the condition that Developer implements and complies with the Affordable Housing Plan.

3 (e) The Board of Supervisors finds that the Transportation Exhibit attached to
4 the Development Agreement will adequately provide for the maintenance and liability of
5 Winston Drive, and therefore waives the application of Public Works Code Article 9 to the
6 extent inconsistent with the Unaccepted Street Permit as described in the Development
7 Agreement.

8 Section 9. Subdivision Code Waivers.

9 (a) The Board of Supervisors waives the application to the Project of time limits
10 under Subdivision Code Section 1346(e) (Improvement Plans) and Section 1355 (Time Limit
11 for Submittal) to the extent they conflict with the Development Agreement.

12 (b) A Public Improvement Agreement, if applicable and as defined in the
13 Development Agreement, shall include provisions consistent with the Development
14 Agreement and the applicable requirements of the Municipal Code and the Subdivision
15 Regulations regarding extensions of time and remedies that apply when improvements are
16 not completed within the agreed time. Accordingly, the Board of Supervisors waives the
17 application to the Project of Subdivision Code Section 1348 (Failure to Complete
18 Improvements within Agreed Time).

19 Section 10. Campaign and Governmental Conduct Code Waiver.

20 The Board of Supervisors finds that the immediate and effective construction of the
21 affordable and market rate housing described in greater detail in the Development Agreement
22 is a high priority due to current severe housing and economic conditions and the policy of this
23 Board of Supervisors is that the Project have priority Planning Department, Department of
24 Public Works, and Department of Building Inspection processing. Accordingly, the Board of
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1 Supervisors waives the application of Campaign and Governmental Conduct Code Section
2 3.400(b) to the Project.

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4 Section 11. Ratification of Past Actions and Authorization of Future Actions.

5 All actions taken by City officials in preparing and submitting the Development
6 Agreement to the Board of Supervisors for review and consideration are hereby ratified and
7 confirmed, and the Board of Supervisors hereby authorizes all subsequent action to be taken
8 by City officials consistent with this Ordinance.

9 Section 12. Effective and Operative Date.

10 (a) This Ordinance shall become effective 30 days from the date of enactment.
11 Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance
12 unsigned or does not sign the ordinance within ten days of receiving it, or the Board of
13 Supervisors overrides the Mayor's veto of the ordinance.

14 (b) This Ordinance shall become operative only on (and no rights or duties are
15 affected until) the later of (a) 30 days from the date of its enactment, or (b) the date that
16 Ordinance [____], Ordinance [____], and Ordinance [____] have all become effective.
17 Copies of these Ordinances are on file with the Clerk of the Board of Supervisors in File
18 Nos. 240409 and 240575.

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20 APPROVED AS TO FORM:
21 DAVID CHIU, City Attorney

22 By: /s/ ELIZABETH A. DIETRICH
23 ELIZABETH A. DIETRICH
24 Deputy City Attorney

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