[Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island]

Resolution approving an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for certain real property located on Treasure Island and Yerba Buena Island, including changes to the attached Financing Plan; making findings under the California Environmental Quality Act; and affirming findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

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

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

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

Treasure Island Sailing Center, and other community facilities; 6) up to 500 hotel rooms across 2-3 sites; 7) landside improvements for a new 400 slip marina; and 8) transportation infrastructure, including a ferry/quay intermodal transit center; and

WHEREAS, On June 7, 2011, pursuant to Resolution No. 241-11, which the Mayor signed on June 13, 2011, the Board of Supervisors unanimously approved the Disposition and Development Agreement ("2011 DDA") and other transaction documents, which Resolution is on file with the Clerk of the Board of Supervisors in File No. 110291 and is incorporated herein by reference; and

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

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

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

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

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

WHEREAS, Continuing the Project is more important now than ever, as Treasure Island's 8,000 planned housing units represent one-tenth of the City's housing production goals established under its Housing Element 2022 Update of the General Plan and the Mayor's Housing for All implementation strategy, and the Treasure Island Project is the City's largest project underway in a moment when there is a tremendous push to build new housing in San Francisco; and

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

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

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

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

WHEREAS, TIDA, the City and the Developer are committed to ensuring that the Project does not lose momentum, particularly as the island and its services become more

integrated into the city fabric as a result of the new housing units, parks, utilities, public art, ferry terminal, and streets that have been completed to date; and

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

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

WHEREAS, The proposed amendments will be set forth in an Amended and Restated Disposition and Development Agreement ("A&R DDA"), which A&R DDA includes, among

certain exhibits, the Financing Plan and Housing Plan, all of which are on file with the Clerk of the Board of Supervisors in File No. 240202 and incorporated herein by reference; and

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

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

WHEREAS, The revised Treasure Island / Yerba Buena Island Financing Plan provides that: the Treasure Island Stage 2 Alternative Financing will be issued as Certificates of Participation that will be structured in no less than three separate tranches, with no more than one tranche issued per fiscal year; the City will issue the first tranche of Certificates of Participation, and subsequent tranches, only after the ten-year City Capital Plan that is updated after the A&R Reference Date demonstrates sufficient capacity for, and incorporates, the Stage 2 Alternative Financing in the COP program. Each legislative package submitted to, and subject to the approval of, the Board of Supervisors for a tranche of Certificates of Participation will demonstrate compliance with Section 10.62 of the City's Administrative

Code; and the City will structure the Certificates of Participation so that lease payments will not be appropriated from the City's General Fund in Fiscal Year 25 or Fiscal Year 26; and

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

WHEREAS, A fiscal impact study was completed by City fiscal consultant Keyser Marston Associates and projects that Treasure Island and Yerba Buena Island will generate an average of approximately $4.4 million per year in ongoing net recurring general fund revenues from fiscal year 2025 thru fiscal year 2030, with an additional approximately $10 million per year in transfer taxes and one-time construction related revenues contingent on assumed land sales and unit sales in this time period, and that by fiscal year 2040, the net recurring revenues generated from Treasure Island and Yerba Buena Island (not including transfer taxes or one-time construction related revenues) are projected to exceed annual required debt service payments for up to $115 million of Stage 2 Alternative Financing; and

WHEREAS, If the proposed changes to the Financing Plan are approved by the Board of Supervisors, the Development Agreement will need to be amended as the amended Financing Plan will need to replace the existing Financing Plan exhibit to the Development Agreement; and

WHEREAS, If the proposed amendments to the 2011 DDA and Development Agreement are approved authorizing the Stage 2 Alternative Financing, City staff will return at a future date to request Board of Supervisors authorization to proceed with the Project specific Stage 2 Alternative Financing; and

WHEREAS, On March 5, 2024, Mayor London Breed and Supervisor Matt Dorsey co-sponsored and introduced legislation at the Board of Supervisors to approve the A&R DDA,

an amendment to the Development Agreement, and amendments to the Planning Code and Zoning Map; and

WHEREAS, The A&R DDA was presented to the TIDA Board of Directors at a duly noticed public meeting on March 13, 2024, and the TIDA Board voted to approve the A&R DDA pursuant to Resolution No. 24-10-0313, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 240202 and incorporated herein by reference; and

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

WHEREAS, On April 21, 2011, pursuant to Authority Resolutions Nos. 11-1404/21 and 11-18-04/21 and Planning Commission Motion No. 18325, the Planning Commission and the Authority Board in a joint session unanimously approved a series of entitlement and transaction documents for the Project, including certain environmental findings under CEQA, a Mitigation Monitoring and Reporting Program, a Development Agreement for the Project, and other transaction documents; and

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

WHEREAS, CEQA mandates that "when an environmental impact report has been prepared for a project, no subsequent or supplemental environmental impact report shall be required by the lead agency," unless the lead agency determines, on the basis of substantial

evidence that the project or its circumstances have changed, or there is new information, and that those changes or new information would cause new significant impacts, or a substantial increase in the severity of previously identified impacts (CEQA Section 21166; CEQA Guidelines Section 15162); and

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

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

WHEREAS, The addendum concluded that no supplemental or subsequent environmental review is required for the A&R DDA (including changes to the Financing Plan and the Housing Plan, both of which are exhibits to the A&R DDA) and concurrent changes proposed to the Development Agreement, Planning Code and Zoning Map controls for the Project, because the environmental impacts of these actions were adequately identified and analyzed under CEQA in the FEIR, and the A&R DDA (including changes to the Financing Plan and the Housing Plan, both of which are exhibits to the A&R DDA) and concurrent changes proposed to the Development Agreement and Planning Code and Zoning Map controls for the Project would not result in any new or more severe environmental impacts than were identified previously; and

WHEREAS, On April 4, 2024 the Planning Commission, in Resolution No. 21541, adopted findings that the actions contemplated in this resolution are consistent, on balance, with the City's General Plan, and eight priority policies of Planning Code, Section 101.1, a

copy of which is on file with the Clerk of the Board in File No. 240198, and is incorporated herein by reference; and

WHEREAS, On the same hearing date for this Resolution, the Board of Supervisors will hear whether to pass an Ordinance amending the Planning Code and the Zoning Map to implement adjustments to the Project controls, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 240199; and

WHEREAS, On the same hearing date for this Resolution, the Board of Supervisors will hear whether to pass an Ordinance approving the amendment to the Development Agreement for the Project that was necessary to reflect the changes to the Financing Plan which is an exhibit to the Development Agreement, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 240198; and, now, therefore, be it

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

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

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

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

FURTHER RESOLVED, That the Board of Supervisors affirms the findings of the Planning Commission that the actions contemplated in this resolution are consistent, on balance, with the City's General Plan, and eight priority policies of Planning Code, Section 101.1, for the reasons set forth in Planning Commission Resolution No. 21541, and the Board of Supervisors incorporates these findings by reference and adopts these findings as its own; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby approves the A&R DDA and authorizes the Director of the Treasure Island Development Authority ("Director") to execute the A&R DDA between TIDA and the Developer, with all exhibits to the A&R DDA, including, but not limited to the Financing Plan and the Housing Plan in substantially the form filed with the Clerk of the Board, and any additions, amendments, or other modifications to such agreements (including, without limitation, its exhibits) that the Director, on behalf of TIDA, determines, in consultation with the City Attorney, are in the best interests of TIDA and the City, do not otherwise materially increase the obligations or liabilities of TIDA or the City or materially decrease the benefits to TIDA or the City, and are necessary or advisable to effectuate the purpose and intent of this Resolution; and, be it

FURTHER RESOLVED, That the Board of Supervisors encourages City staff to finalize the terms of the Stage 2 Alternative Financing and bring the final terms to the Board of Supervisors for authorization within the time frame City staff reasonably believe is beneficial for the Project; and, be it

FURTHER RESOLVED, That to the extent that implementation of the A&R DDA involves the execution and delivery of additional agreements, notices, consents, and other instruments or documents by TIDA that have a term in excess of 10 years or anticipated revenues of $1 million or more, including, without limitation, instruments conveying developable lots to vertical developers (including, without limitation, vertical disposition and development agreements, ground leases, lease disposition and development agreements, assignment and assumption agreements and permits to enter) (collectively, "Subsidiary Agreements"), TIDA and the Director, in consultation with the City Attorney, are hereby authorized to enter into all such Subsidiary Agreements so long as the transactions governed by such Subsidiary Agreements are contemplated in the A&R DDA, do not otherwise materially increase the obligations or liabilities of TIDA, and are necessary and advisable to effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by such person or persons of any such documents; and, be it

FURTHER RESOLVED, That the Board of Supervisors authorizes and urges the Mayor, Controller, and any other officers, agents, and employees of the City to take any and all steps (including the execution and delivery of any and all agreements, notices, consents and other instruments or documents) as they or any of them deem necessary or appropriate, in consultation with the City Attorney, in order to consummate the A&R DDA and any Subsidiary Agreement in accordance with this Resolution, or to otherwise effectuate the

purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by such person or persons of any such documents.

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City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 240202 **Date Passed:** April 23, 2024

Resolution approving an Amended and Restated Disposition and Development Agreement between the Treasure Island Development Authority and Treasure Island Community Development, LLC, for certain real property located on Treasure Island and Yerba Buena Island, including changes to the attached Financing Plan; making findings under the California Environmental Quality Act; and affirming findings of conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

April 17, 2024 Budget and Finance Committee - RECOMMENDED

April 23, 2024 Board of Supervisors - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

April 23, 2024 Board of Supervisors - ADOPTED AS AMENDED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 240202

I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on 4/23/2024 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

5/3/24

Date Approved