STONESTOWN DEVELOPMENT PROJECT

BUDGET & FINANCE COMMITTEE

SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO · CONTROLLER'S OFFICE

San Francisco Planning

SAN FRANCISCO OFFICE OF ECONOMIC & WORKFORCE DEVELOPMENT

July 10, 2024

Proposed Actions at Budget & Finance Committee

- Ordinance approving a Development Agreement (BOS File No. 240410)
- Resolution of Intention to form Enhanced Infrastructure Financing District (EIFD) (BOS File No. 240681)
- Ordinance Amending the Administrative Code regarding the Public Financing Authority (PFA) (BOS File No. 240638)

Prior Approvals

Boards and Commissions:

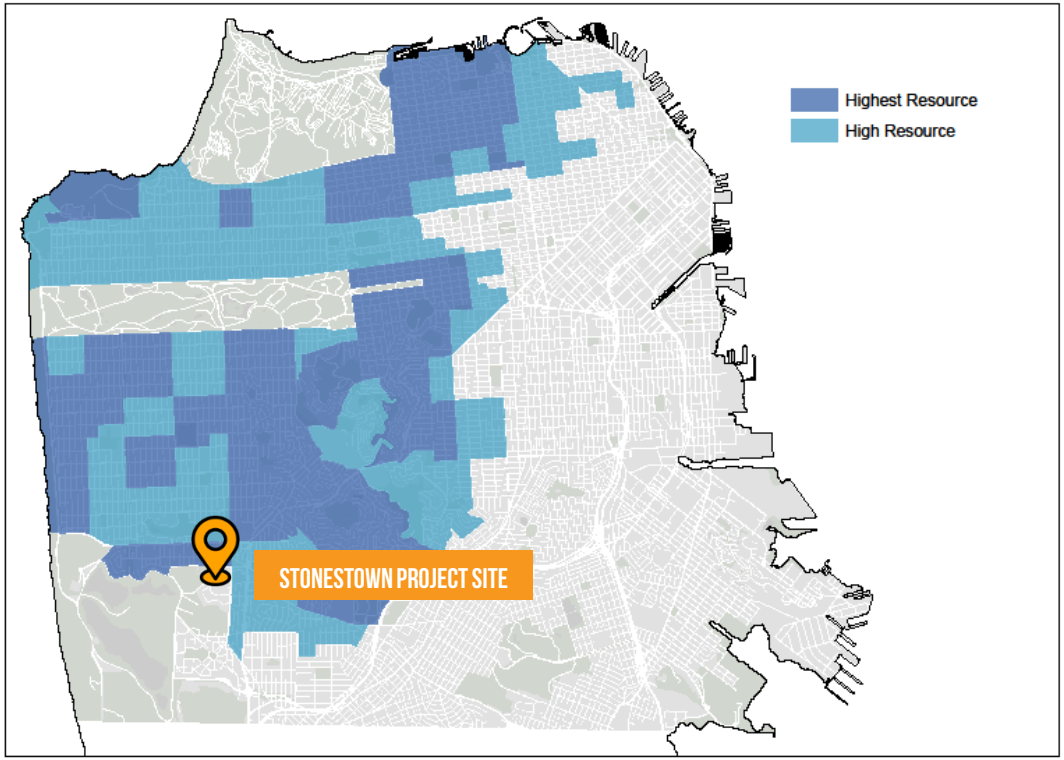
- Planning Commission on 5/9/24
- Recreation and Parks Commission on 5/9/24 and 5/16/24
- Municipal Transportation Agency Board on 5/21/24
- Public Utilities Commission on 5/28/24
- Capital Planning Committee on 6/24/24

Board of Supervisors

- Considered by Land Use & Transportation Committee on 7/8/24

PROJECT OVERVIEW

Housing on San Francisco's West Side



Well-Resourced Neighborhoods: State Department of Housing and Community Development
SAN FRANCISCO

- The Stonestown project site is adjacent to well-resourced neighborhoods on the City's west side.
- Given the City's housing goals, and the site's proximity to transportation, open space and neighborhood amenities, the Stonestown site is well suited for housing development.
- The proposed project is included in the Sites Inventory of the 2022 Housing Element

A TRANSFORMATIVE OPPORTUNITY

Process and Timeline

Opportunities for Public Input

Today

2019-2021

Resident & Public Meetings + Preliminary Plan

Submit
Preliminary Project Application

2022

Public Input on Proposal and DA Terms:
Community Priorities, Site Design, Open Space, Neighborhood Facilities, Affordable Housing

Environmental Review

Comment on
Scope of Environmental Review

2023

Responses to Comments

Comment on
Draft Environmental Impact Report (EIR)

2024

Approvals

Approvals Process:
EIR, Rezoning, Development Agreement, EIFD

Phase 1+ Building Permit Applications

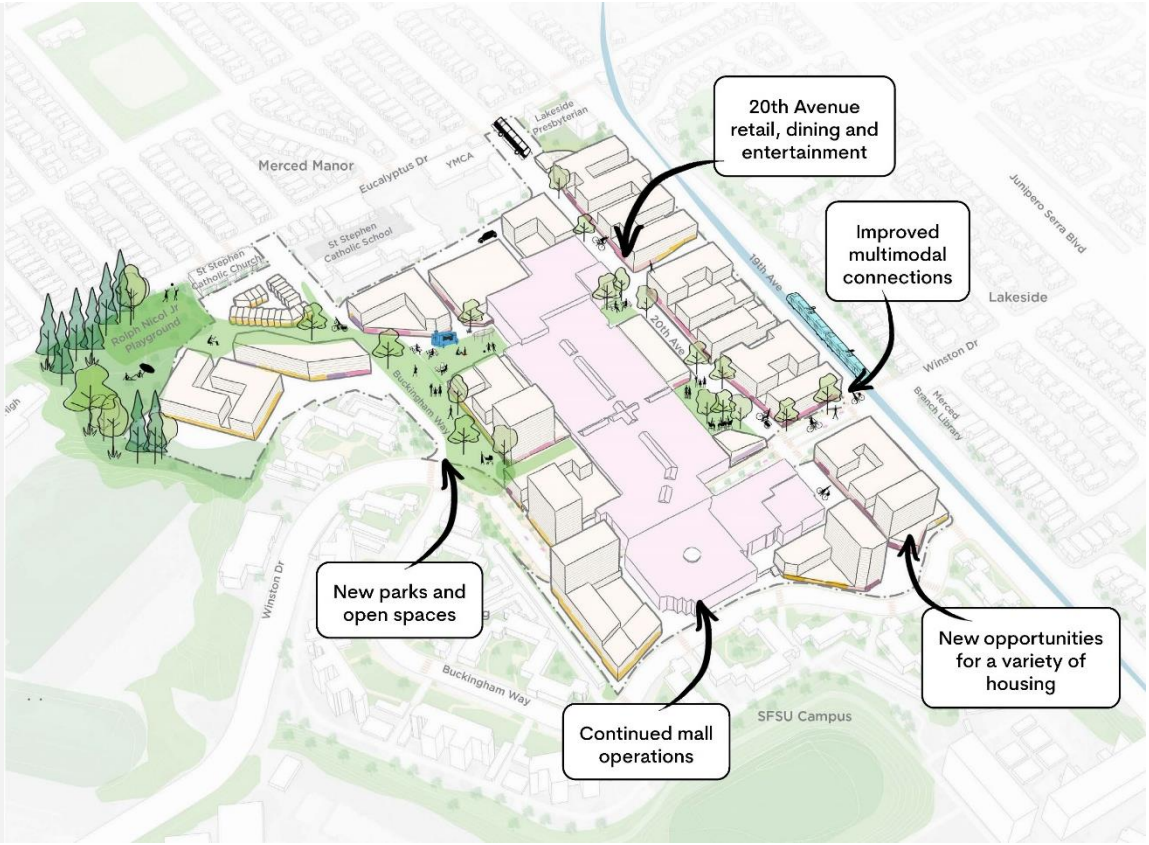
Outreach and Engagement

- 8 Public Workshops (600+ attendees).
- 14 Community Working Group Meetings.
- 2,000+ Neighbor Conversations (email, phone, in-person).
- 15,000+ Website visitors.
- 250+ Hours of in-person and zoom office hours.
- Project responded with increased density, reapportioning height, and traffic mitigations.

Project Overview Major Elements

Transforming surface parking lots into a residential neighborhood

- 3,500 new residential units from 3-18 floors, and up to 5 towers.
- Nearly 6 acres of publicly accessible parks and plazas.
- New retail main street on 20th Avenue.
- New safe, accessible bike and pedestrian pathways, and multimodal connections.
- Underground and above ground parking.



DEVELOPMENT AGREEMENT KEY TERMS

Development Agreement Key Terms

Parks and Open Space

- 6 acres of new publicly accessible open spaces:
  - Greenway Park
  - Plazas including Farmers Market plaza
  - Mid-block pedestrian connections throughout site
- Improvements to Rolph Nicol Jr. Playground.
- $1M contribution to Rec Park for future park improvements.

Development Agreement Key Terms

Affordable Housing

- Affordable housing equaling 20% of all units.
- Obligation can be met through three methods:
  - Constructing inclusionary onsite units within market rate buildings
  - Donating up to three parcels for 100% affordable housing
  - Paying an affordable housing in-lieu fee on up to 390 units
- Senior Village – Option to convey Parcel E5 to the City for 100% affordable senior housing project.
- Prioritize in-lieu fees to support SFSU Educator Village, and 100% affordable housing within 2 miles of the site.

Development Agreement Key Terms

Street Redesign and Transportation

- Fully redesigned street network.
- Pedestrian-focused design including 20th Ave retail corridor and improved walking connections.
- 2-way protected bikeways.
- New utilities and green infrastructure.
- Bus priority measures, new Muni easement, transit only lane, and two transit operator restrooms.
- Transportation Demand Management (TDM) plan with ongoing monitoring.
- Project contributes ~$50M in transportation fees.

Mall main entry at Winston Drive (existing)

Winston Drive (proposed)

Development Agreement Key Terms

Community Facilities

Child Care Facility

- New 7,500 sq ft onsite child care facility (or two 4,000 sq ft facilities).
- Space for 100 children and adjacent outdoor space.
- Nonprofit provider with partially subsidized rent.
- At least 15% would be affordable to low-income households.

Senior Center

- New 7,000 sq ft onsite senior center.
- Provided prior to demolition of the existing YMCA senior center annex.
- Rented to a nonprofit operator for $1 per year.

Development Agreement Key Terms

Workforce and Economic Benefits

Workforce Agreement

- First Source Hiring for Construction and Operations.
- Local Hiring for work in public streets and park.
- Local Business Enterprise obligations, including 10% Micro-LBE goal.
- Prevailing wage for all public works contracts.

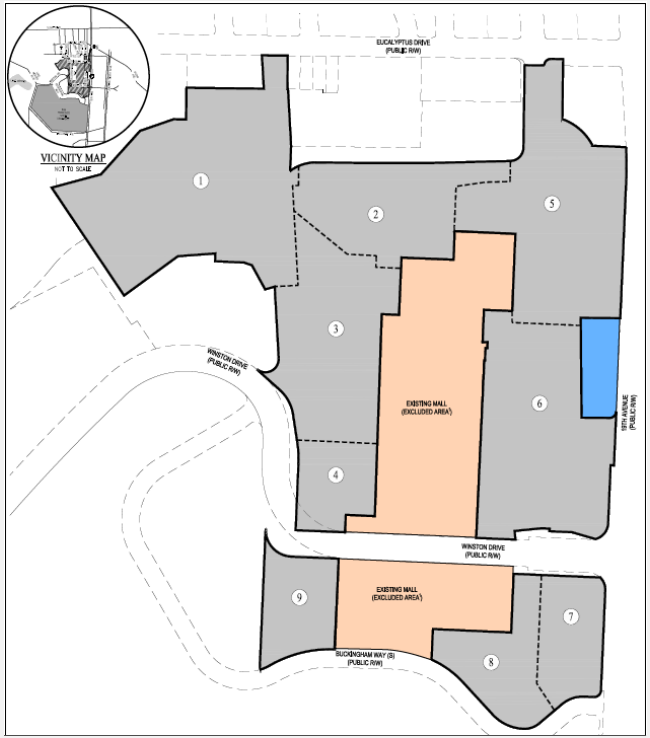
Economic Impact

- ~800 jobs in San Francisco annually, during project development.
- Direct project impact estimated at >1,000 permanent jobs and >$325M per year in San Francisco.

ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD)

EIFD Summary

- EIFD is a state-authorized public financing tool that pledges incremental property taxes within a specific geographic area to fund public capital facilities related to the development in the district.
- Resolution of Intention (ROI) initiates the EIFD formation process.
- The Public Financing Authority (PFA) is the governing body of the EIFD and oversees drafting and implementation of Infrastructure Financing Plan (IFP).
- IFP comes back to the Board of Supervisors for final approval before EIFD formation, estimated Q1 2025.



Why an EIFD at Stonestown

- Like many projects, Stonestown is not currently financially feasible given today's economics, including construction costs and interest rates.
- Additionally, Stonestown has unique costs due to significant new infrastructure, replacement parking, and construction at an operating mall.
- EIFD harnesses net new tax revenue generated by the project to support the project's cost of infrastructure, which is otherwise difficult to finance.
- EIFD significantly improves the project's economics, resulting in a project that can commence construction of much needed housing and associated community benefits sooner into the City's economic recovery.

EIFD Policy Compliance

- ☑ Large scale project with significant rezoning, extensive need for infrastructure, and IFD funding necessary for feasibility.
- ☑ Project results in a net fiscal benefit to General Fund after tax increment diversion.
- ☑ 50% of tax increment allocated to EIFD, remainder continues to flow to City.
- ☑ In compliance with policy that IFD debt payments will not exceed 5% of annual property tax revenue.
- ☑ Subject to ten year “use it or lose it” clause.

PUBLIC FINANCING AUTHORITY (PFA)

Ordinance Amending PFA in Administrative Code

- EIFD law requires the Public Financing Authority (PFA) to be the legislative body overseeing the EIFD and responsible for reviewing and implementing the IFP.
- The Board approved the creation of the PFA in 2023 during the formation of the Power Station EIFD, and all members have been seated.
- This Ordinance amends the administrative code to allow the existing PFA to oversee future EIFDs, including for Stonestown, where designated by the Board in the Resolution of Intention.

THANK YOU

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