San Francisco Planning

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October 23, 2024

Ms. Angela Calvillo, Clerk
Honorable Supervisor Catherine Stefani
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 2015-014028DVA-02:
3333 California Street Mixed-Use Project
Board File No. 240797

Planning Commission Recommendation: **Approval**

Dear Ms. Calvillo and Supervisor Stefani,

On October 17, 2024, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance, introduced by Mayor Breed and Supervisor Stefani. The proposed ordinance would amend the 3333 California Street Development Agreement to extend the term, modify the affordable housing requirements, allow the project to qualify for the Temporary Fee Reduction Program, and include a Financing Plan with a framework to use an Enhanced Infrastructure Financing District (EIFD). At the hearing, the Planning Commission recommended approval.

On October 10, 2024, the Department issued an Addendum to the Final Environmental Impact Report (EIR) for the 3333 California Street Project pursuant to the requirements of the California Environmental Quality Act and Chapter 31 of the San Francisco Administrative Code. The San Francisco Planning Commission certified the Final EIR, Planning Department Case No. 2015-014028ENV, on September 5, 2019, through approval of Motion No. 20512. Planning Department Environmental Review Staff found that the amendments to the 3333 California Street Mixed-Use Project would not cause new significant impacts that were not identified in the FEIR. Further the amendments would not result in significant impacts that would be substantially more severe than those identified in the FEIR. The amendments would also not require new mitigation measures to reduce significant impacts.

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
Lorenzo Rosas, Aide to Supervisor Stefani
John Carroll, Office of the Clerk of the Board

Attachments :
Planning Commission Resolution
Planning Department Executive Summary

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PLANNING COMMISSION RESOLUTION NO. 21628

HEARING DATE: OCTOBER 17, 2024

Record Number:	2015-014028DVA-02 [Board File No. 240797]
Project Name:	3333 California Street Mixed-Use Project
Zoning:	RM-1 Zoning District 3333 California Street Special Use District 40-X, 45-X, 67-X, 80- X, and 92-X Height and Bulk Districts
Block/Lot:	1032/003
Project Sponsor:	Laurel Heights Partners LLC 150 Post Street, Suite 320 San Francisco, CA 94108
Introduced by:	Supervisor Stefani, District 2
Staff Contact:	Jeff Horn – (628) 652-7366 jeffrey.horn@sfgov.org

RESOLUTION APPROVING AN AMENDMENT TO THAT CERTAIN DEVELOPMENT AGREEMENT BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND LAUREL HEIGHTS PARTNERS LLC DATED FOR REFERENCE PURPOSE ONLY AS OF SEPTEMBER 11, 2020, TO EXTEND THE TERM, MODIFY THE AFFORDABLE HOUSING REQUIREMENTS, ALLOW THE PROJECT TO QUALIFY FOR THE TEMPORARY FEE REDUCTION PROGRAM UNDER PLANNING CODE, SECTION 403, AND 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 3333 CALIFORNIA STREET, LOT 003 IN ASSESSOR'S BLOCK 1032; 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 September 5, 2019, the Planning Commission adopted Motion No. 20512, certifying the Final Environmental Impact Report ("3333 California Street FEIR") for the 3333 California Street 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. 20513, adopting findings pursuant to CEQA for the Project (including a statement of overriding considerations and mitigation monitoring and reporting

plan ("MMRP")), Resolution No. 20514, recommending to the Board of Supervisors approval of amendments to the Planning Code to establish the 3333 California Street Special Use District ("3333 California Street SUD") and amendments to the Height and Bulk Districts and Special Use Districts maps, Resolution No. 20515, recommending to the Board of Supervisors approval of a Development Agreement between the City and County of San Francisco and Laurel Heights Partners LLC ("Development Agreement"); and Motion No. 20516 adopting findings regarding the Project's consistency with the General Plan, Planning Code Section 101.1,;

WHEREAS, on November 19, 2019, the Board of Supervisors adopted Ordinance No. 0276-19 (File No. 190845) approving the Development Agreement, waiving or modifying certain provisions of the Administrative Code, Planning Code, Subdivision Code, 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, and Ordinance 0275-19 (File No. 190844), amending the Planning Code and the Zoning Maps to establish the 3333 California Street Special Use District;

WHEREAS, on July 30, 2024, Mayor London Breed and Supervisor Catherine Stefani introduced a proposed ordinance under Board of Supervisors (hereinafter "Board") File Number 240797, which would amend the development agreement between Laurel Heights Partners, 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 public capital facilities and affordable housing;

WHEREAS, on July 30, 2024, Mayor London Breed and Supervisor Catherine Stefani introduced a proposed ordinance under Board of Supervisors (hereinafter "Board") File Number 240797, which would amend the development agreement between Laurel Heights Partners, LLC and the City and County of San Francisco to amend the Affordable Housing Plan and extend the term;

WHEREAS, on September 3, 2024, the Director of Planning received a written request Laurel Heights Partners, 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 Mayor Breed and Supervisor Stefani;

WHEREAS, in furtherance of the Project and the City's role in subsequent approval actions relating to the Project, the City and Laural Heights Partners, 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. 240797.

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, on October 10, 2024, the Planning Department published an Addendum to the 3333 California Street Final Environmental Impact Report ("FEIR"). The Addendum found that certain amendments to the 3333

California Street Mixed-Use 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 September 5, 2019, by Motion No. 20516, 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 3333 California Street Mixed-Use

Project, which will construct affordable and market-rate housing, a child care facility, open space, and numerous public benefits on an underutilized and underdeveloped site;

2. The proposed amendment would allow the 3333 California Street Mixed-Use Project to deliver affordable housing units in a consistent and timely manner;

3. The proposed amendment would allow the 3333 California Street 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;

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on October 17, 2024.

Jonas P. Ionin
Commission Secretary

AYES: Campbell, McGarry, Williams, Braun, Moore, So

NOES: None

ABSENT: Imperial

ADOPTED: October 17, 2024

[Development Agreement Amendment - Laurel Heights Partners, LLC - 3333 California Street Project - California Street at Presidio Avenue]

Ordinance approving an amendment to a Development Agreement (originally approved by Ordinance No. 276-19) for the 3333 California Street project between the City and County of San Francisco and Laurel Heights Partners, LLC, to extend the term, modify the affordable housing requirements, allow the project to qualify for the Temporary Fee Reduction Program under Planning Code, Section 403, and include a finance plan with a framework to use incremental property tax revenue to fund the Project's public capital facilities and affordable housing; and making findings under the California Environmental Quality Act, and findings of conformity with the General Plan, and 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 ~~strikethrough 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:

Section 1. Background.

(a) Laurel Heights Partners, LLC, a Delaware limited liability company ("Developer"), owns approximately 10.25 acres in San Francisco, generally bounded by California Street, Laurel Street, Euclid Avenue, Masonic Avenue, and Presidio Avenue ("Developer Property").

(b) The Developer and the City and County of San Francisco ("City") executed a Development Agreement, dated as of September 11, 2020, relating to Developer's proposed development of a mixed-use project with residential, non-residential, open space, child care,

and related uses ("Project") on the Developer Property ("Original Agreement"). The Original Agreement was approved by the Board of Supervisors and Mayor in Ordinance No. 276-19 ("2019 Ordinance"). Copies of the Original Agreement and the 2019 Ordinance are on file with the Clerk of the Board of Supervisors in File No. 190845.

(c) Section 11.1 of the Original Agreement authorizes the Director of Planning to enter into an amendment to the Original Agreement if it does not constitute a Material Change (as defined in the Original Agreement). Under such authority, the Original Agreement was amended by a Memorandum of Minor Modification of Development Agreement (Amendment No. 1) dated as of June 5, 2024 ("Minor Modification"), a copy of which is on file with the Clerk of the Board of Supervisors in File No. 240797.

(d) The Developer and City wish to further amend the Original Agreement, as modified by the Minor Modification ("Modified Development Agreement"), with an amendment ("Second Amendment") that would: (i) extend the term of the Modified Development Agreement, the deadline to commence construction, and the outside date to complete construction of the affordable units, (ii) reduce the required number of affordable units, extend the timing for escrow deposits to fund the development of the affordable units, and authorize the Director of the Mayor's Office of Housing and Community Development to make certain changes to the affordable unit requirements, (iii) allow the project to qualify for the Temporary Fee Reduction Program under Planning Code Section 403, and (iv) include a financing plan with the framework for using incremental property tax revenue to fund the Project's public capital facilities and affordable housing, providing significant benefits to Enhanced Infrastructure Financing District No. 3 (3333/3700 California Street) ("EIFD No. 3") or the surrounding community, and make necessary revisions to the Modified Development Agreement for the establishment of EIFD No. 3 and use of that incremental property tax revenue.

(e) By Resolution No. _____, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 240816, the Board of Supervisors approved the Resolution of Intention to Establish San Francisco Enhanced Infrastructure Financing District No. 3 (3333/3700 California Street) to provide financial assistance for both Developer's public infrastructure obligations for the Project, and Developer's proposed mixed-use development project at an 4.84-acre site owned by Developer and located on California Street between Maple Street and Cherry Street.

(f) The Developer and City have worked over the last year to identify modifications to the terms of the Modified Development Agreement that will improve financial feasibility and expedite delivery of the Project. Factors such as increases in construction and labor costs, a worldwide pandemic, rising interest rates, and a slowing of the real estate market have delayed the initiation of the Project. However, advancing the Project is critical to meeting 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. The proposed modifications to the Modified Development Agreement, along with the formation of EIFD No. 3, will enable the advancement of the Project and provide much-needed new market rate and senior affordable housing in a high-resource district in San Francisco.

Section 2. Temporary Fee Reduction Program and Planning Code Conformity.

The Board of Supervisors approves allowing the Project to qualify as a Pipeline Project, as defined in Planning Code Section 415A.2, for the Temporary Fee Reduction Program under Planning Code Section 403 and waives any inconsistent provision in Planning Code Section 403.

Section 3. Environmental and Land Use Findings.

(a) On September 5, 2019, by Motion No. 20512, the Planning Commission certified as adequate, accurate, and complete the Final Environmental Impact Report ("FEIR") for the

Project pursuant to the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) ("CEQA"). A copy of Planning Commission Motion No. 20512 is on file with the Clerk of the Board of Supervisors in File No. 240797.

(b) On _____, 2024, the Planning Department issued an addendum to the FEIR ("FEIR Addendum") finding the Second Amendment would not change the conclusions in the FEIR and the amendment would not result in any new or more severe environmental impacts than were previously identified in the FEIR. A copy of the FEIR Addendum is on file with the Clerk of the Board of Supervisors in File No. _____.

(c) The Board of Supervisors has reviewed and considered the FEIR and the FEIR Addendum, and finds the FEIR and the FEIR Addendum are adequate for their use for the actions taken by this ordinance and incorporates herein the FEIR and the CEQA findings contained in Ordinance No. 276-19 and the FEIR Addendum by this reference, and further finds that, pursuant to CEQA Guidelines Section 15162, no additional environmental review is required because there are no substantial changes to the Project analyzed in the FEIR and the FEIR Addendum, no change in circumstances under which the Project is being undertaken, and no new information that was not known and could not have been known shows that new significant impacts would occur, that the impacts identified in the FEIR and the FEIR Addendum as significant impacts would be substantially more severe, or that mitigation or alternatives previously found infeasible are now feasible.

(d) The Board of Supervisors found the Original Agreement conforms with the General Plan and the eight priority policies of Planning Code Section 101.1 by the findings set forth in Section 3 of the 2019 Ordinance. The Board of Supervisors incorporates herein the foregoing findings and determines that said findings are adequate to establish that the actions taken by this ordinance to approve the Second Amendment conform with the General Plan and the eight priority policies of Planning Code Section 101.1.

Section 4. Development Agreement Amendment.

(a) The Board of Supervisors approves all the terms and conditions of the Second Amendment in substantially the form on file with the Clerk of the Board of Supervisors in File No. 240797.

(b) The Board of Supervisors approves and authorizes the execution, delivery, and performance by the City of the Second Amendment as follows: (1) the Director of Planning (and other City officials listed thereon) are authorized to execute and deliver the Second Amendment, and (2) the Director of Planning and other applicable City officials are authorized to take all actions reasonably necessary or prudent to perform the City's obligations under the Modified Development Agreement in accordance with the terms of the Second Amendment.

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

Section 5. Direction to Clerk of the Board of Supervisors.

The Clerk of the Board of Supervisors is directed to place a copy of this ordinance in File No. 190845, the file for the 2019 Ordinance (Ordinance No. 276-19).

Section 6. Effective Date.

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

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/ Carol Wong
CAROL WONG
Deputy City Attorney

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EXECUTIVE SUMMARY
DEVELOPMENT AGREEMENT AMENDMENT

HEARING DATE: OCTOBER 17, 2024

Record No.:	2015-014028DVA-02
Project Address:	3333 California Street (3333 California Street Mixed-Use Project)
Zoning:	Residential - Mixed, Low Density (RM-1) Zoning District 40-X, 45-X, 67-X, 80- X, and 92-X Height and Bulk Districts 3333 California Street Special Use District
Cultural District:	None
Block/Lot:	1032/003
Project Sponsor:	Laurel Heights Partners LLC 150 Post Street, Suite 320 San Francisco, CA 94108
Property Owner:	Same As Above
Staff Contact:	Jeff Horn – (628) 652-7366 jeffrey.horn@sfgov.org
Environmental Review:	Addendum to FEIR - On September 5, 2019 the Planning Commission certified the Final Environmental Impact Report. (Case No. 2015-014028ENV)

RECOMMENDATION: **Approval**

Project Description

The Project includes a modification to the Development Agreement between the City and County of San Francisco and Laurel Heights Partners, LLC. The modification would amend the Development Agreement to add a Financing Plan (Board of Supervisors File No. 240797) to allow for the implementation of an Enhanced Infrastructure Financing District (EIFD). The modification to the Development Agreement would extend the term, modify the affordable housing requirements, allow the project to qualify for the Temporary Fee Reduction Program under

Planning Code, Section 403, and include a Financing Plan with a framework to use an EIFD to fund the Project's public capital facilities and affordable housing using incremental property tax revenue from the Project.

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 Mayor London Breed and Supervisor Catherine Stefani (Board File No. 240797), which would authorize an amendment to the 3333 California Street Development Agreement.

Proposed Modifications to Development Agreement

The City and the project sponsor, Prado Group, have been working together to over a number of months to develop strategic changes to the Development Agreement (DA) for 3333 California Street. This package of amendments will improve project feasibility, right-size the affordable housing component, and accelerate the project so that the neighborhood can benefit from the much-needed new housing and amenities it will provide.

The project will provide 744 housing units including an affordable senior housing building, a childcare facility, neighborhood retail along California Street, and publicly accessible open spaces throughout the property. There are no proposed changes to the retail, open space, tree planting program, or childcare benefits in this package. Those commitments remain as stated in the original agreement.

The Ordinance to amend the Development Agreement for 3333 California Street proposed the following modifications to the DA:

- Term Extension: The term of the DA will be extended by 8 years from the existing 15-year term to a new 23-year term, ending in 2043. The deadline to complete the affordable senior building is also extended by 4 years to a new deadline of 2036.

- Affordable Housing Plan:
  - The affordable senior housing building will be reduced in scale from 185 units to a new requirement of 125 units. There is no change to the required AMI, which is low-income (average of 59% of AMI), or to the unit typology of studio and 1-bedroom apartments.
  - 60 units will become market rate units and will be provided in a new building adjacent to the affordable senior building.
  - The timing of the required escrow deposits to fund the senior housing building will be extended to begin with the 270th market rate unit, and the fee rate will be reduced to mirror the current citywide inclusionary fee rate.
  - The Mayor's Office of Housing and Community Development (MOHCD) Director will have discretion to adjust the allowable AMI level and target population for the affordable senior housing building upon the developer's request if the developer has not received an allocation of LIHTC after three complete application submittals.
  - The developer may not commence construction of more than 481 market rate units unless the affordable senior housing building has achieved full financing and construction closing (rather than Certificate of Occupancy).

- Financing Plan:
  - The DA amendment includes a new Financing Plan exhibit related to the formation of an Enhanced Infrastructure Financing District and potential Community Facilities District. This includes a framework for using incremental property tax revenue to fund the Project's public capital facilities and affordable housing.

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 150 community meetings since 2015.
- **3333 California Street Mixed-Use Project.** The 3333 California Street Mixed-Use Development Project is a multi-phased, mixed-use development, involving the construction of a variety of residential, retail, child care, open space and parking land uses, all in accordance with the Development Agreement. The proposed project includes approximately 1,440,254 gross square feet of new and rehabilitated space, comprising approximately 1,025,488 gross square feet of residential floor area with approximately 744 dwelling units; approximately 38,094 gross square feet of retail floor area; an approximately 13,933 gross-square-foot child care center use; and approximately 233,676 square feet of landscaped or open space, which includes approximately 127,966 square feet of privately owned, public open space, The proposed project would provide approximately 10 car share spaces and no more than 820 parking spaces, approximately 762 Class One bicycle spaces, and 77 Class Two bicycle spaces. These proposed uses would be located in 13 new buildings (known as Plaza A, Plaza B, Walnut, Walnut Affordable, Mayfair, Laurel Townhomes, Euclid and Masonic) and the two Center A and Center B buildings from the adaptive reuse of the existing office building, which would be divided into two separate buildings and converted to residential use.

- **Project Approvals.** On September 5, 2019, the Planning Commission adopted Motion No. 20512, certifying the Final Environmental Impact Report; through Motion No. 20513, adopted findings pursuant to CEQA for the Project (including a statement of overriding considerations and a mitigation monitoring and reporting plan); adopted Resolution No. 20514, recommending to the Board of Supervisors approval of amendments to the Planning Code to establish the 3333 California Street Special Use District and amendments to the Height and Bulk Districts and Special Use Districts maps; and adopted Resolution No. 20513, recommending to the Board of Supervisors approval of a Development Agreement between the City and County of San Francisco and Laurel Heights Partners LLC. The Project was finally approved by the Board of Supervisors on November 19, 2019.

- **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.

- **3333/3700 California Street 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 July 30, 2024, Mayor London Breed and Supervisor Catherine Stefani introduced to the Board of Supervisors a Resolution of Intention to establish "San Francisco Enhanced Infrastructure Financing District No. 3 (3333/3700 California Street)". At the 3333 California project, 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 and brings the project closer to feasibility.

  Because the establishment of an EIFD was not anticipated within the Development Agreement, amendments to the DA 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 October 10, 2024, the Department issued an Addendum to the Final Environmental Impact Report (EIR) for the 3333 California Street Project pursuant to the requirements of the California Environmental Quality Act and Chapter 31 of the San Francisco Administrative Code. The San Francisco Planning Commission certified the Final

EIR, Planning Department Case No. 2015-014028ENV, on September 5, 2019 through approval of Motion No. 20512. Planning Department Environmental Review Staff found that the amendments to the 3333 California Street Mixed-Use 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;

Basis for Recommendation

The Department finds that the Project is, on balance, consistent with the Objectives and Policies of the General Plan. Overall, the proposed Project will allow the 3333 California Street Mixed-Use Development to continue providing substantial community benefits, such as public infrastructure, affordable housing, a child care facility, 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. 240797
Exhibit B - Letter to Director Hillis Requesting Modification of Development Agreement and Financing Plan (dated September 3, 2024)
- Attachment 1 – Proposed Second Amendment to Development Agreement[1]

Exhibit C – Director's Report of the draft agreement and negotiations (dated September 26, 2024)
Exhibit D – Interpretive Supplement to Board of Supervisors Guidelines for the Establishment and Use of Infrastructure Financing Districts in San Francisco (updated February 27, 2023)
Exhibit E– Planning Commission Resolution No. 20515
Exhibit F – Maps and Context Photos

[1] The full text of the 3333 California Street Development Agreement is available on the Planning Department's website.