

1 [Housing Plan Amendments - Mission Rock Project - Seawall Lot 337]

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3 **Resolution approving an amendment of the Mission Rock Housing Plan to reduce the**  
4 **minimum percentage of inclusionary affordable housing units per Phase of the Mission**  
5 **Rock Project at Seawall Lot 337, bounded by China Basin Channel, Third Street,**  
6 **Mission Rock Street and San Francisco Bay.**

7

8 WHEREAS, In January 2018, by Resolution No. 18-03, the Port Commission approved  
9 the terms of a Disposition and Development Agreement (“DDA”) between the Port and the  
10 Seawall Lot 337 Associates, LLC, a Delaware limited liability company (“Developer”), and  
11 related transaction documents that are incorporated into the DDA, including the “Housing  
12 Plan” that requires Developer to provide below market rate units affordable to low- and  
13 moderate-income households, for the development of approximately 28-acres located along  
14 the Port’s Central Waterfront and commonly referred to as “Mission Rock” (the “Project”),  
15 comprised of (1) Seawall Lot 337, bounded by Third Street on the west, Mission Rock Street  
16 on the south, Pier 48 to the east, and China Basin Park on the north; (2) Pier 48; (3) China  
17 Basin Park; (4) the marginal wharf between Pier 48 and Pier 50; and (5) Parcel P20  
18 (collectively, the “Site”); Capitalized terms not otherwise defined herein shall have the  
19 meaning set forth in the Appendix to the DDA; and

20 WHEREAS, In February 2018, the Board of Supervisors approved the DDA by  
21 Resolution No. 42-18, and approved the Development Agreement for the Project by  
22 Ordinance No. 33-18; and

23 WHEREAS, On April 4, 2019, the Developer submitted its “Phase Submittal” for  
24 “Phase 1” of the Project, (the “Phase 1 Phase Submittal”), which was accepted by Port staff  
25 as complete and in compliance with the DDA; and

1           WHEREAS, The Port executed that certain Lease No. L-16703 (Mission Rock –  
2 Phase 1, Parcel A/Lot 1) with an affiliate of Developer, Mission Rock Parcel A Owner, L.L.C.  
3 (“Tenant”), dated as of October 6, 2020 (the “Parcel A Lease”), as evidenced by that certain  
4 Memorandum of Lease, dated as of October 6, 2020, by Port and Tenant, and recorded in the  
5 Official Records on October 7, 2020 as Document Number 2020027130; and

6           WHEREAS, The Parcel A Lease documents the Developer’s and Tenant’s initial  
7 dedication of units that are affordable to low- and moderate-income households (“BMR” units)  
8 in Parcel A based on the Phase 1 Phase Submittal; and

9           WHEREAS, The leasing trends for Parcel A BMR units remain consistent since  
10 June 2023: lower-income BMR units are leased while some moderate-income units remain  
11 vacant for lack of demand, as described in two memoranda to the Port Commission dated  
12 April 5, 2024, and dated March 7, 2025; and

13           WHEREAS, In February 2025, the Developer submitted to Port a revised Phase 1  
14 Phase Submittal that would modify the number of and eligibility for the BMR units in Parcel A,  
15 which would reduce the number of BMR units, increase the number of market-rate units, and  
16 increase the number of BMR units available to households with lower incomes as described  
17 below; and

18           WHEREAS, The February 2025 Phase 1 Phase Submittal would increase the number  
19 of BMR units available to households with incomes less than or equal to 90% of the area  
20 median income (AMI) from 10 units to 19 units; maintain 54 units available to households with  
21 incomes equal to and less than 120% of AMI; and, eliminate the number of BMR units  
22 available to households with incomes equal to or less than 150% of AMI from 38 units to zero  
23 units; and

24           WHEREAS, Some 120%- and 150%-AMI BMR units are occupied by income-eligible  
25 households, and Developer and Tenant propose to further lower the AMI eligibility for some

1 occupied units and commit that, upon approval: (1) current tenant households will be allowed  
2 to remain in the BMR units notwithstanding new income-eligibility requirements, (2) those  
3 tenants will receive reduced rents based on the lowered AMI eligibility restrictions, and (3)  
4 only upon vacancy will the lower household income eligibility take effect; and

5 WHEREAS, The changes to the Parcel A BMR unit count and income eligibility in the  
6 February 2025 Phase 1 Phase Submittal would result in 73 of 283 units restricted as BMR  
7 units (i.e., 26% of Parcel A units as BMR); and

8 WHEREAS, The changes to the Parcel A BMR unit count and income eligibility in the  
9 February 2025 Phase 1 Phase Submittal, in conjunction with the Parcel F BMR program  
10 approved in April 2024, would result in 132 of 537 units restricted as BMR units for Phase 1  
11 overall (i.e., 24.6% of all Phase 1 residential units as BMR); and

12 WHEREAS, The Housing Plan, which is attached to the DDA as Exhibit B5, requires  
13 Developer to restrict no less than 30% of all residential units delivered in each Project Phase  
14 as BMR units; and

15 WHEREAS, Accepting the February 2025 Phase 1 Phase Submittal and implementing  
16 the proposed changes to the BMR units in Parcel A would require amending the Housing Plan  
17 to reduce the percentage of residential units restricted as BMR units per Project Phase to no  
18 less than 20% from the original 30% (the "Housing Plan Amendment"); and

19 WHEREAS, The Mayor's Office of Housing and Community Development recommends  
20 approval of the Housing Plan Amendment; and

21 WHEREAS, The Port Commission adopted Resolution No. 25-17 approving the  
22 Housing Plan Amendment, in addition to amendments to implementing documents, including  
23 the declaration of restrictions, Parcel A Lease and any other necessary documents, subject to  
24 approval by the Board of Supervisors; and

25

1           WHEREAS, The actions contemplated in this resolution are within the scope of the  
2 project, for which the Port Commission by Resolution No. 18-06 on January 30, 2018, and the  
3 Board of Supervisors by Ordinance No. 33-18 on March 6, 2018, respectively, affirmed the  
4 Planning Commission’s certification of the Final Environmental Impact Report for the Seawall  
5 Lot 337 and Pier 48 Mixed-Use Project (Planning Commission Motion No. 20018) and made  
6 findings in accordance with the California Environmental Quality Act (California Public  
7 Resources Code section 21000 et. seq.) and Administrative Code, Chapter 31, which  
8 Resolutions are incorporated herein by reference; now, therefore, be it

9           RESOLVED, That the Board of Supervisors approves the Housing Plan Amendment to  
10 reduce the minimum percentage of BMR units restricted per Phase of the Project from 30% to  
11 20% and to update the form declaration of restrictions in substantially the form on file with the  
12 Clerk of the Board of Supervisors in File No. 250264; and, be it

13           FURTHER RESOLVED, That the Board of Supervisors acknowledges that subsequent  
14 to approval of the Housing Plan Amendment, the Executive Director of the Port will execute  
15 amendments to the Parcel A Lease, and any and all other documents reasonably necessary  
16 to reflect the February 2025, Phase 1 Phase Submittal and its modifications to the number  
17 and income-eligibility levels of the BMR units in Parcel A as described in this resolution,  
18 including but not limited to a declaration of restrictions and memorandum of amendment to the  
19 parcel lease, and to record such documents as may be necessary.