

## **MEMORANDUM**

October 6, 2016

**TO:** MEMBERS, PORT COMMISSION  
Hon. Willie Adams, President  
Hon. Kimberly Brandon, Vice President  
Hon. Leslie Katz  
Hon. Eleni Kounalakis  
Hon. Doreen Woo Ho

**FROM:** Elaine Forbes  
Interim Executive Director

**SUBJECT:** Informational presentation regarding the mixed-use development plan for the Forest City Pier 70 Waterfront Site, bordered generally by 20<sup>th</sup> Street, Michigan Street, 22<sup>nd</sup> Street, and the San Francisco Bay, and the proposal for a Pier 70 Special Use District

**DIRECTOR'S RECOMMENDATION:** Information only

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### **Executive Summary**

On May 28, 2013, the Port Commission adopted Resolution 13-20<sup>1</sup> endorsing a Term Sheet between the Port and Forest City Development California, Inc. ("Forest City" or "Master Developer") for the mixed use development of the 28 acre Pier 70 Waterfront Site (the "Waterfront Site," shown on Exhibit A). On June 11, 2013, the Board of Supervisors adopted Resolution 201-13, unanimously endorsing the Term Sheet between the parties.

On March 25, 2014, Forest City presented its Pier 70 Waterfront Site waterfront parks design concept to the Port Commission. The design concept outlined strategies, program elements and design details for a series of parks, playgrounds and recreation spaces that will become a new amenity for the City's central waterfront.

On June 3, 2014, San Francisco voters approved Proposition B, "Voter Approval for Waterfront Development" (59-41%), requiring voter approval for any increase in

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<sup>1</sup> A copy of the Port Commission staff report, associated exhibits, and Resolution 13-20 is available at: <http://www.sfport.com/index.aspx?page=2295>

heights for property under the jurisdiction of the San Francisco Port Commission. In response to Proposition B, Forest City sought and obtained voter approval for Proposition F on the November 4, 2014 ballot (73-27%).

Proposition F, “Pier 70 Development Site Height Limit Increase”, permits an increase in the height of the Site from 40’ to 90’ and adopts open space, housing, affordability, historic rehabilitation, artist community preservation, commercial, and urban design policies related to development of the Waterfront Site.

On March 10, 2015, Forest City presented its proposal for a proposed Pier 70 Special Use District (“Pier 70 SUD”) to the Port Commission. Forest City developed the Pier 70 SUD in consultation with City staff.

Since March 10, 2015, Forest City has:

- worked with City staff to 1) refine the Pier 70 SUD; and 2) develop a draft Pier 70 SUD *Design for Development* (“Pier 70 D4D”) incorporating design standards and guidelines which will be subject to Port Commission and Planning Commission approval and which City staff will subsequently utilize to guide future development at the site;
- provided detailed information to City staff and consultants to support environmental analysis under the California Environmental Quality Act which will result in a Draft Environmental Impact Report, expected to be published in late 2016;
- developed master utility plans (“Master Utility Plans”) and commenced work on the Pier 70 SUD infrastructure plan (“Infrastructure Plan”) and proposed Pier 70 street network and streetscape design (“Streetscape Master Plan”) to serve as the basis for City departments’ review of street designs including the Port, the Public Utilities Commission, the Fire Department, the Planning Department, the Municipal Transportation Agency and Public Works;
- developed a draft affordable housing plan (“Affordable Housing Plan”);
- developed a draft sustainability plan (“Sustainability Plan”); and
- developed a draft transportation plan (“Transportation Plan”).

These plans are in various stages of development; some are pending City staff review.

This staff report provides an informational presentation of Forest City’s planning effort for the Waterfront Site, and coordinated planning with Port and City staff for improvement to the Illinois Parcels. At the October 11, 2016 Port Commission meeting, Forest City will provide an update and overview of the proposed land use plan for the Pier 70 SUD as well as progress made with regard to site planning, sustainability planning, infrastructure and utilities design, and transportation planning. The more

detailed presentations on each of the relevant planning documents will be the subject of future Port Commission presentations.

These development efforts, in concert with separate Port projects to create Crane Cove Park, renew a lease with BAE Systems to continue and improve Pier 70 ship repair industry operations, and partner with Orton Development Inc. to rehabilitate the 20<sup>th</sup> Street Historic Buildings reflect the Port's collective efforts to meet the land use and policy priorities of the Port's Pier 70 Preferred Master Plan published in 2010.

### **Proposition F**

As described in the March 5, 2015 staff memorandum to the Port Commission, Proposition F (November 2014), the Pier 70 Development Site Height Increase<sup>2</sup>, was drafted by Forest City as a response to Proposition B (June 2014), Voter Approval for Waterfront Development. Effective after the completion of environmental review pursuant to the California Environmental Quality Act ("CEQA") and Port Commission approval of a project that is consistent with the measure, Proposition F amended the San Francisco Planning Code by changing Zoning Map Sheet HT08 in the Planning Code to reflect the following change:

<b>Description of Property</b>	<b>Height and Bulk District to Be Superceded</b>	<b>Height and Bulk District to Be Approved</b>
The property in the area generally bounded by Michigan Street to the west, 22nd Street to the south, 20th Street to the north and one hundred feet landward of the San Francisco Bay shoreline to the east, as shown on the map attached hereto (see <b>Exhibit B</b> ), being a portion of Assessor's Blocks 4110, 4120, 4111 and 4052	40-X	90-X

Proposition F also included a statement of the voters' findings and purposes including:

- Revitalizing the Waterfront Site, a former industrial area currently consisting of asphalt lots and deteriorating buildings behind chain link fences that prohibit public access to the waterfront and providing site improvements;
- Establishing nine (9) acres of waterfront parks, playgrounds and recreational facilities on and adjacent to the Waterfront Site;
- Creating 300 to 600 new affordable middle-and working-class homes, comprising 30% of all new homes, a majority of which will be rental housing;
- Guaranteeing public access to the new waterfront parks by setting new buildings back at least 100 feet from the shoreline;

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<sup>2</sup> A copy of the text of Proposition F can be found at:  
[http://sfpl4.sfpl.org/pdf/main/gic/elections/November4\\_2014.pdf](http://sfpl4.sfpl.org/pdf/main/gic/elections/November4_2014.pdf)

- Restoring and reusing currently deteriorating historic structures that are contributors to the Union Iron Works Historic District;
- Modifying the site zoning to adjust the height limit to 90 feet, which is lower than the tallest point at the tallest historic building already at the Project Site;
- Providing new and renovated space for arts, cultural, non-profits, small-scale manufacturing, local retail and neighborhood services;
- Preserving the Noonan Building artist community in new state-of-the-art, on-site space that is affordable, functional and aesthetic, with rental rates based on the Port's rental rates for the Noonan Building;
- Creating an estimated 10,000 permanent jobs and 11,000 temporary construction jobs;
- Investing over \$200 million in improvements in transportation and other infrastructure critical to serving the Project Site, the new Historic District, the historic ship repair operations and the surrounding neighborhood, including protecting this portion of the City's shoreline from sea level rise;
- Generating approximately \$15 million in revenue to support the rebuild of public housing facilities, such as the nearby Potrero Annex and Potrero Terrace public housing communities; and
- Reviving the Waterfront Site with an integrated and complementary mix of parks, housing, local retail, arts light industrial and office uses, with benefits paid for from revenues created by the project.

Proposition F only becomes effective 1) after environmental review of the proposed Pier 70 SUD is complete, and 2) the Port Commission approves a project consistent with the 90' rezoning of the site.

### **Illinois Parcels**

The Waterfront Site is adjacent to approximately 7 acres of the Pier 70 area, located along Illinois Street, between 20<sup>th</sup> and 22<sup>nd</sup> Streets. The Illinois Parcels include the Port-owned 20th/Illinois Parcel and a 3.6 acre PG&E-owned parcel (the Hoedown Yard), that the City has the option to purchase from PG&E. The City and Forest City do not propose increasing the height of these parcels beyond the 65' height which was overlaid along Illinois Street by the Eastern Neighborhoods Plan in 2009. The City proposes to increase the height of the Bayward (eastern) portion of the Hoedown Yard from 40' to 65'; this proposed height increase does not require voter approval because the site is not Port owned.

As described in the June 5, 2014 staff memorandum to the Port Commission<sup>3</sup>, under the City's Hoedown Yard Option Agreement, the City's purchase and sale option for the Hoedown Yard is contingent on PG&E being able to relocate its operation, or upon the California Public Utilities Commission approval. Subject to review by the California State Lands Commission Executive Officer, Port staff is exploring the potential to relocate Hoedown Yard operations to a 2.5 acre parcel north of Pier 80. Port staff has presented this concept to the Central Waterfront Advisory Group and the Southern Waterfront Advisory Committee, and will provide a detailed briefing to the Port Commission regarding this proposal at a subsequent Port Commission meeting.

Subject to successful relocation of Hoedown Yard operations Director of Real Estate may auction the Option after the Pier 70 SUD is approved. The City or its transferee must deliver written notice to PG&E of its intent to exercise the option on or before December 31, 2019.

### **Pier 70 Special Use District**

Forest City has been working with Port and City staff to take a holistic approach to develop an integrated land use, design and zoning strategy for the Waterfront Site and Illinois Parcels (collectively, the Pier 70 SUD). This work has led to the proposal to create a proposed Pier 70 SUD, which would be compatible with the zoning and Orton Development Inc. improvements underway for the 20<sup>th</sup> Street Historic Buildings, continued ship repair operations by BAE Systems, and public open space to be created at Crane Cove Park. The proposed Pier 70 SUD would consist of the following:

The Pier 70 SUD is a multi-phased, mixed-use development with a total area of 35 acres that envisions a dynamic urban district in which historic resources are imaginatively repurposed in the southeast corner of the approximately 69-acre Port-owned area known as Pier 70. The Pier 70 SUD includes two distinct parts. The first is an approximately 28 acre site (the **"28 Acre Site"** or **"Waterfront Site"**) located between 20<sup>th</sup> Street, Michigan Street, 22<sup>nd</sup> Street and the San Francisco Bay. All future development at the 28 Acre Site will adhere to the policies and priorities that the San Francisco electorate enacted as part of Proposition F (November, 2014).

The second is an approximately 7 acre site (the **"Illinois Parcels"**), comprised of both the 3.4 acre parcel in Pier 70 but outside of the 28 Acre Site located along Illinois Street at 20<sup>th</sup> Street (the **"20th/Illinois Parcel"**) and the approximately 3.6 acre site which includes the PG&E-owned parcel at Illinois Street and 22<sup>nd</sup> Street (the **"Hoedown Yard"**) and a remnant of Michigan Street. The eastern boundary of the Pier 70 SUD is adjacent to the San Francisco Bay.

The Pier 70 SUD includes a flexible land use program, with both maximum residential-use and maximum commercial-use scenarios. Both scenarios will be fully analyzed in the

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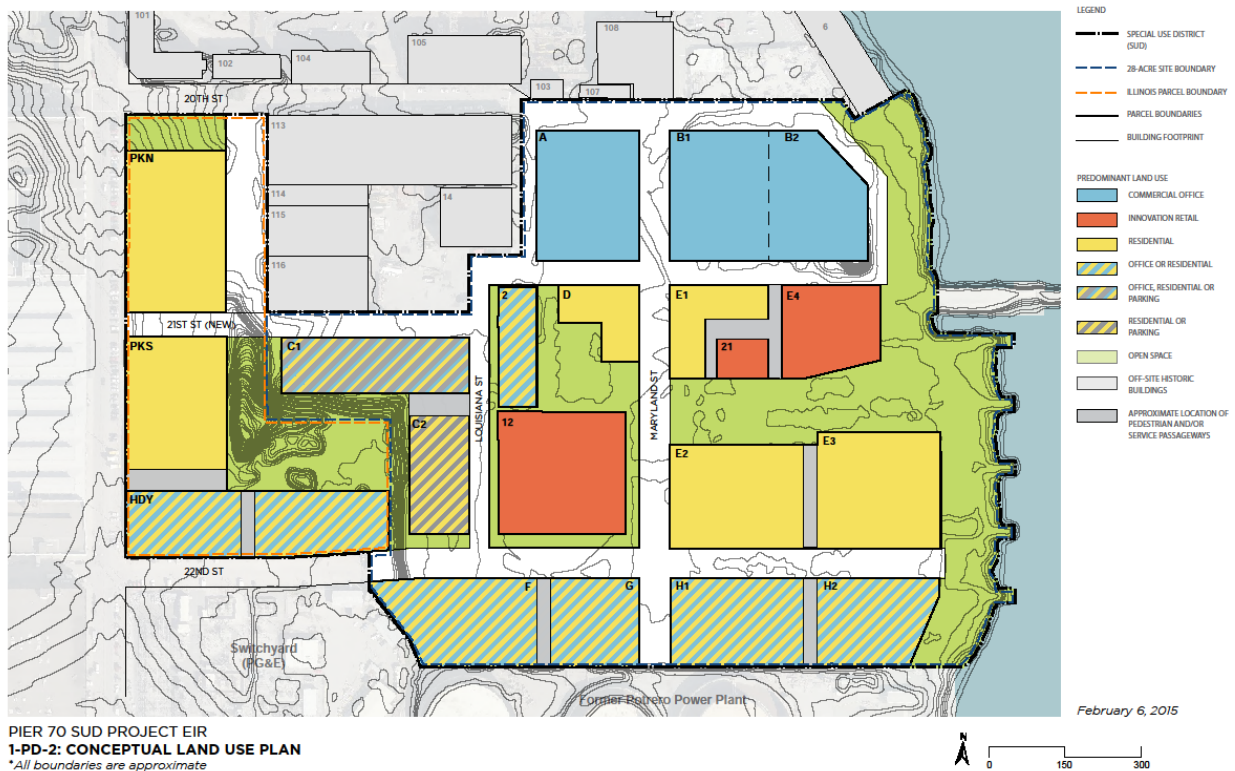
<sup>3</sup> The June 5, 2014 Staff Memorandum to the Port Commission can be found at: <http://sfport.com/ftp/meetingarchive/commission/38.106.4.220/modules/Item%2012B%20Approve%20PGE%20ZA1%20Embarcadero-Potrero%20Transmission%20Line%20License%2015762%20060514%20clean%20copy-documentid=8196.pdf>

project's Environmental Impact Report. Under all scenarios, the total above-grade construction would not exceed 3,500,000 GSF at the 28 Acre Site and 802,000 GSF at the Illinois Parcels, excluding parking.

The Pier 70 SUD would create a new nine-acre waterfront open space network that is intended to: (a) complement waterfront improvements outside of the Pier 70 SUD that include the new Crane Cove Park; (b) extend the Blue Greenway and Bay Trail through the southern half of Pier 70; (c) celebrate the industrial history of the site; and (d) establish a unique, urban waterfront with a local character that is activated by the uses in the buildings adjacent to the open spaces. Key components of the open space program would include a courtyard-type open space (Market Square); an open-space zone connecting the 28 Acre Site's existing buildings to the waterfront (Slipways Commons); a playground area adjacent to the existing Irish Hill (Irish Hill Playground); and a plaza at Illinois Street and 20<sup>th</sup> Street at the entry to the site, which allows unobstructed views of Building 113 (20<sup>th</sup> Street Plaza).

The proposed Pier 70 SUD will include zoning for the Waterfront Site and the Illinois Parcels, as shown below:

**Figure 1: Proposed Land Use Plan for Pier 70 SUD**



## Pier 70 SUD Development Program

Tables 1 and 2 below show total development potential under the Maximum residential and maximum commercial scenarios allowed under the Pier 70 SUD zoning.

**Table 1. Project Summary - Maximum Residential Scenario**

Use	28-Acre Waterfront Site (New and Rehabilitated Construction)	Illinois Parcels (New Construction)	Maximum Proposed Project Totals
Residential units	2,150 units	875 units	<b>3,025 units</b>
Commercial	1,095,650 gsf <sup>1</sup>	6,600 gsf	<b>1,102,250 gsf</b>
Retail, Restaurant, Arts and Light- Industrial Uses	445,180 gsf	34,800 gsf	<b>479,980 gsf</b>
<b>Total</b>	<b>3,410,830 gsf</b>	<b>801,400 gsf</b>	<b>4,212,230 gsf</b>
Open Space	6.5 acres	2.5 acres	9 acres

Notes:

- 1 The existing 227,800 gsf of retained, rehabilitated building space in Buildings 2, 12, and 21 on the 28-Acre Waterfront Site would be renovated and converted into commercial, RALI, or residential, depending on location. The proposed project's total gsf reflects this retained and renovated space.

**Table 2. Project Summary - Maximum Commercial Scenario**

Use	28-Acre Waterfront Site (New and Rehabilitated Construction)	Illinois Parcels (New Construction)	Maximum Proposed Project Totals
Residential units	1,100 units	545 units	<b>1,645 units</b>
Commercial	2,024,050 gsf <sup>1</sup>	238,300 gsf	<b>2,262,350 gsf</b>
Retail, Restaurant, Arts and Light- Industrial Uses	441,215 gsf	45,735 gsf	<b>486,950 gsf</b>
<b>Total</b>	<b>3,422,265 gsf</b>	<b>757,035 gsf</b>	<b>4,179,300 gsf</b>
Open Space	6.5 acres	2.5 acres	9 acres

Notes:

- 1 The existing 227,800 gsf of retained, rehabilitated building space in Buildings 2, 12, and 21 on the 28-Acre Waterfront Site would be renovated and converted into commercial, RALI, or residential, depending on location. The proposed project's total gsf reflects this retained and renovated space.

## **Next Steps**

Port and Office of Economic and Workforce Development staff are still working through the negotiation of key transaction documents for the development of the Pier 70 SUD. Staff will report back to the Commission for policy direction during the negotiation.

The parties project the following key milestones for the Project:

Draft EIR:	Late 2016
Final EIR:	Mid 2017
1st Phase Construction:	Late 2017/Early 2018

The EIR process will provide the public and decision-makers with an opportunity to review the technical details of the project and potential environmental impacts, and provide the public with opportunities to comment on the proposed Pier 70 SUD.

Forest City and City staff will continue to:

- Conduct public outreach and engagement regarding the proposed Pier 70 SUD;
- Finalize proposed D4D design controls and guidelines for buildings and public realm improvements that can be adopted as part of the SUD;
- Coordinate site infrastructure planning, including the Streetscape Plan and site design to respond to projected sea level rise, with affected City agencies;
- Finalize the proposed Affordable Housing, Transportation and Sustainability Plans; and
- Pursue site-wide coordination with BAE Systems, Orton Development, Forest City and existing Port tenants at Pier 70 that may be required to relocate to accommodate phased development of the area.

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For: Byron Rhett, Port Deputy Director  
Planning & Development  
Ken Rich, Office of Economic and Workforce  
Development, Deputy Director of Development

Exhibits:

- A: Map of Waterfront Site
- B: Pier 70 Zoning Map



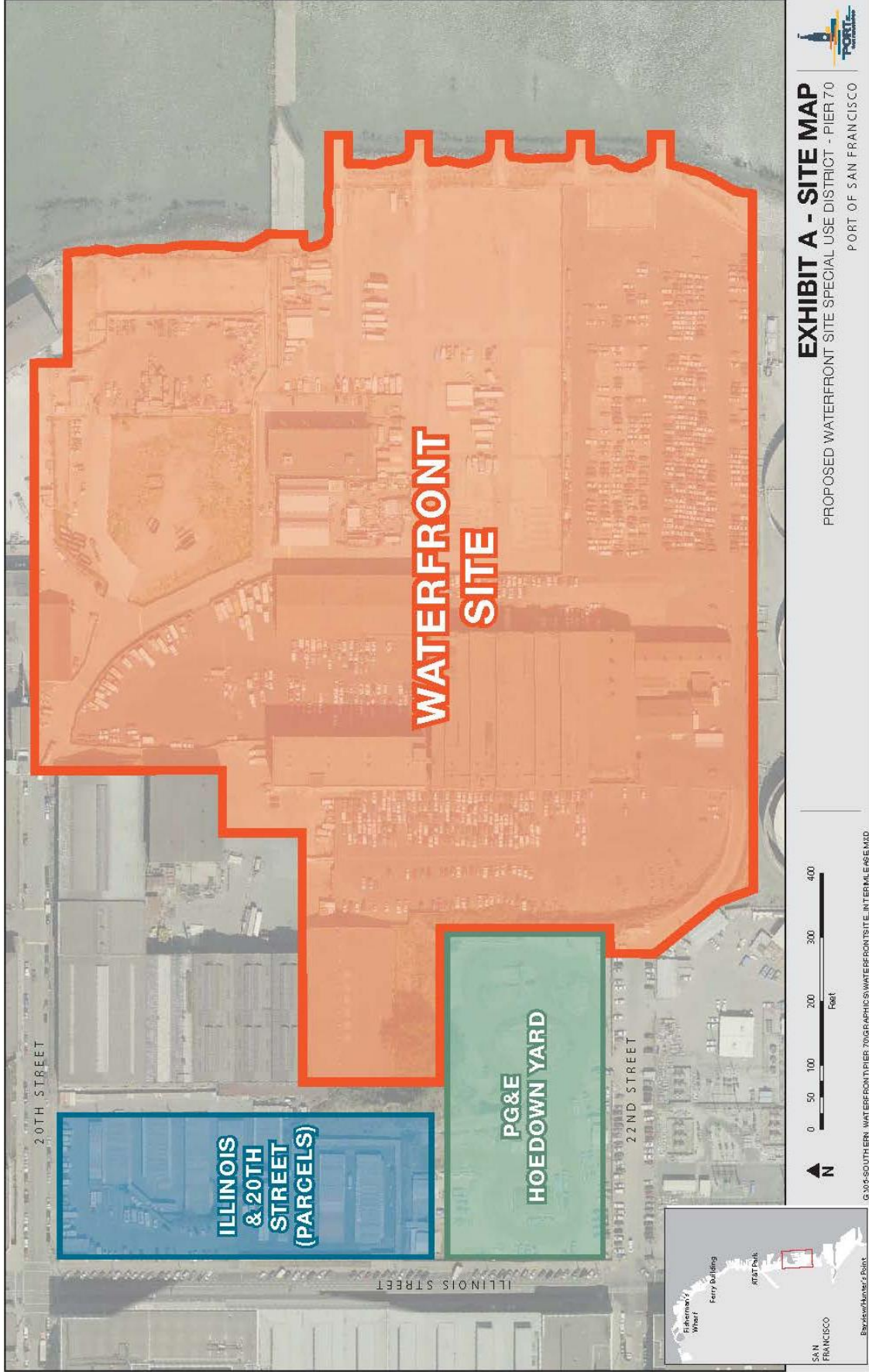
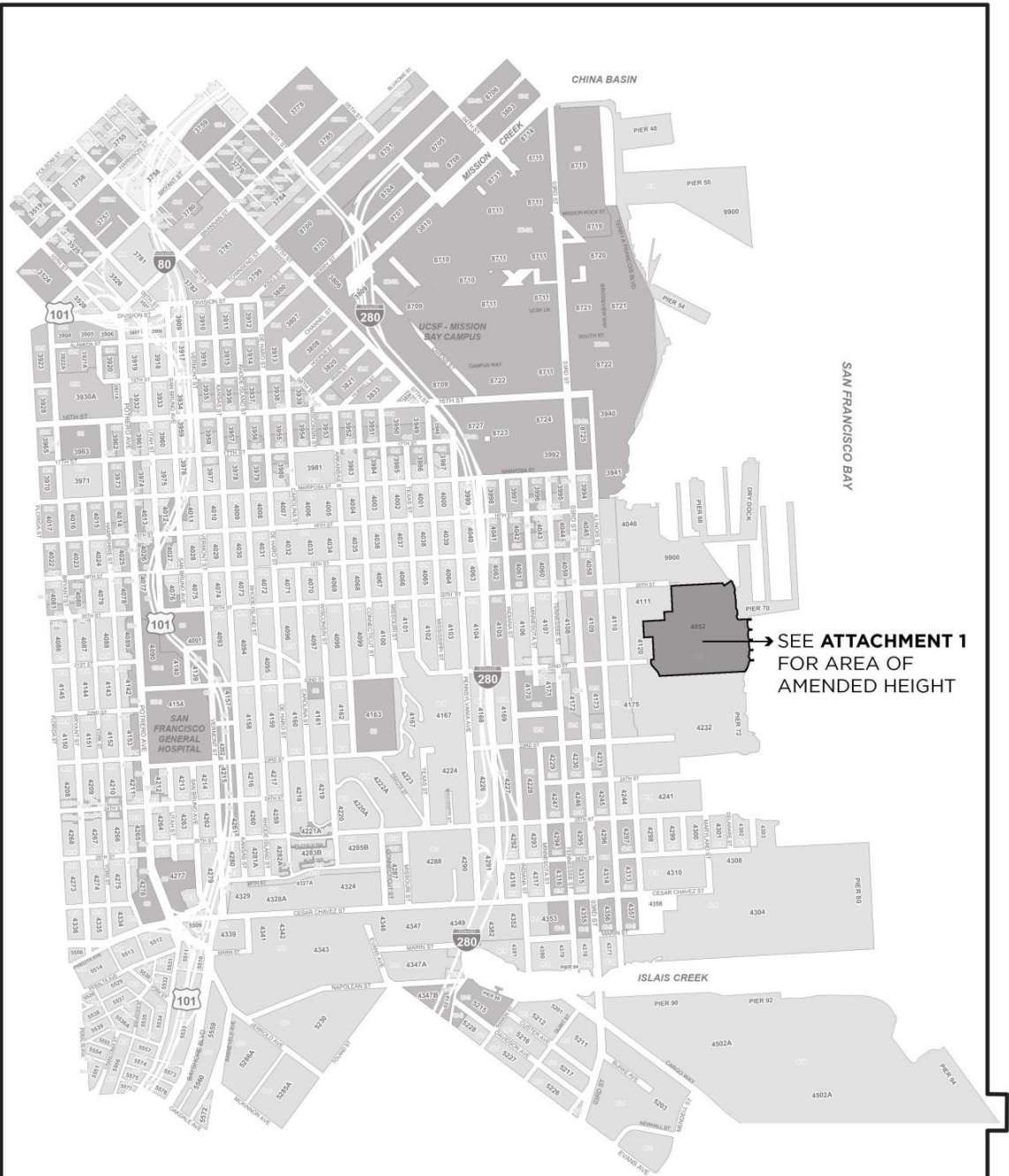


EXHIBIT B



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**HEIGHT AND BULK DISTRICTS**

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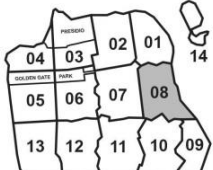
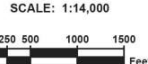
"Open Space" District

"Numbers" are Height Limits in feet. See Planning Code Section 250 and following.

"Letters" refer to Bulk Limits. See Planning Code Section 270.

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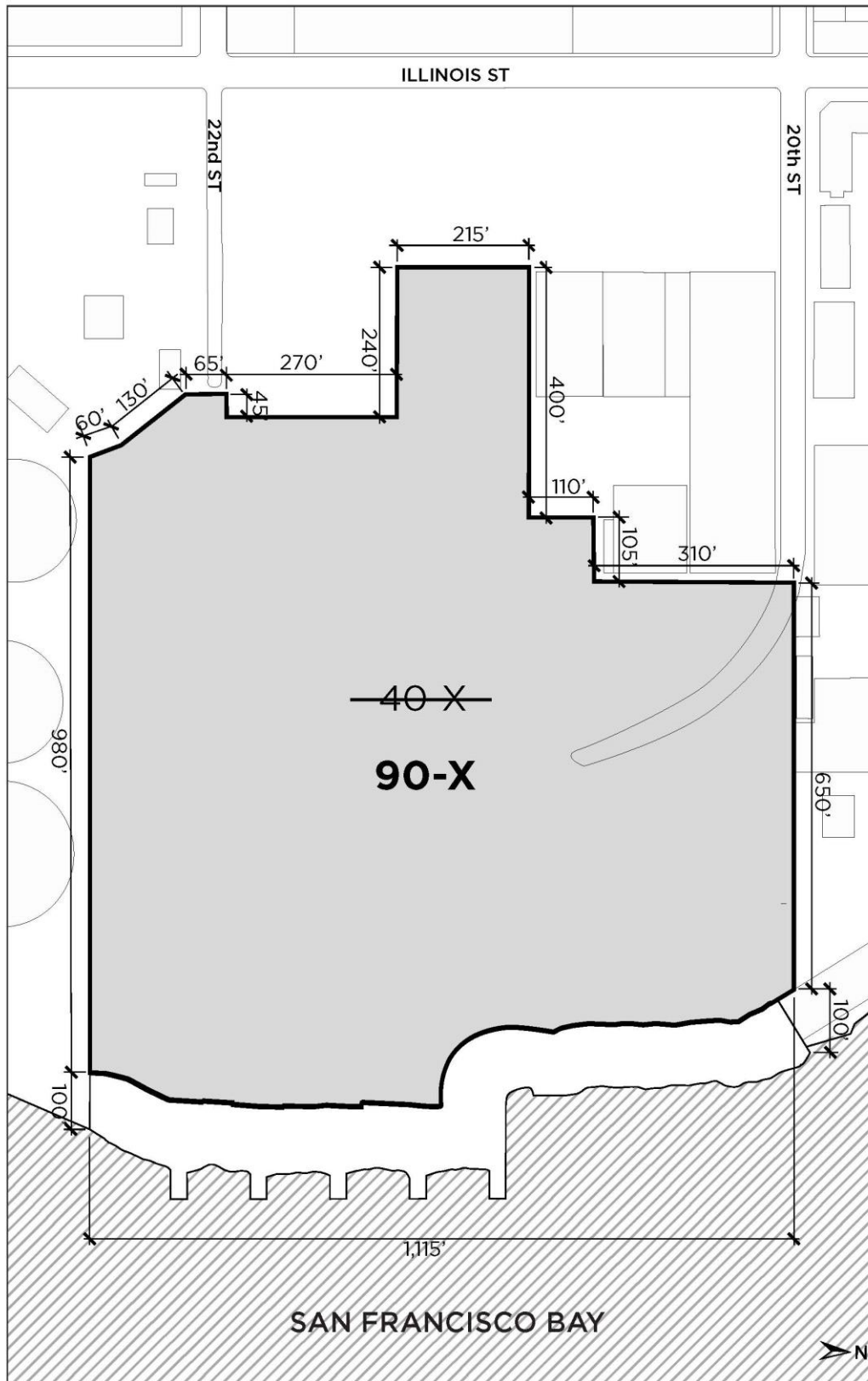
"Suffix Numbers" identify districts in which special regulations apply. See Planning Code Sections 263 and following.



THE ZONING MAP OF THE CITY AND COUNTY OF SAN FRANCISCO IS ESTABLISHED BY SECTIONS 105 AND 106 OF THE PLANNING CODE. A PART OF THE SAN FRANCISCO MUNICIPAL CODE. ZONING USE DISTRICTS ARE ESTABLISHED BY SECTIONS 201, 702, 802 AND 902 OF THE PLANNING CODE. MAP INCORPORATES BOARD OF SUPERVISORS' ORDINANCES ENACTED THROUGH APRIL 2013.

**HT08**  
SHEET

## ATTACHMENT 1: HEIGHT RECLASSIFICATION MAP



ALL DIMENSIONS ARE APPROXIMATE