



PORT OF SAN FRANCISCO WATERFRONT PLAN UPDATE



5/11/2016

Port Real Estate & Development



Proposed Waterfront Park at Seawall Lot 337 – Mission Rock

Images: Page & Turnbull (cover), Hargreaves Rendering (above)

PORT REAL ESTATE & DEVELOPMENT

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MEMORANDUM

May 9, 2016

TO: Members, Waterfront Plan Working Group & Advisory Teams

FROM: Diane Oshima, Assistant Director, Waterfront Planning

RE: Links and Reference Documents for May 11, 2016 Working Group meeting on Port Real Estate and Development

The next Working Group meeting on May 11th will provide a briefing and public discussion about the Port's real estate leasing and asset management operations, and development project process.

Port buildings, land and facilities are leased and managed by the Port's Real Estate and Maritime Divisions for a broad variety of maritime, industrial, commercial and recreational purposes. Property rents and fees are essential to the Port's operating and capital budget process. Port development projects are initiated and managed by development project managers in the Port's Planning & Development Division. Once a development project is approved and constructed, the improved properties are transferred to the Port Real Estate Division to take responsibility for the leases, agreements and associated property management obligations.

The Waterfront Plan contains policies for long-term development uses on Port property, as distinct from policies to guide "interim use" leasing. Long-term development projects occur incrementally and take several years to go from concept to reality. Interim leasing provides for use and revenue generation from businesses for shorter terms, until facilities are considered for long-term development. In the April 27, 2016 Working Group meeting, questions came up about the differences between interim leasing and long-term development. Given the topic of the May 11th meeting, we provide the following links and Waterfront Plan policy excerpts as reference documents to support the May 11 discussions on Port real estate management and development:

- Waterfront Plan Interim Use Policies are contained in [Chapter 3](#), pp. 38 to 77 of the Waterfront Plan – See excerpt in attached Exhibit A below.
- Waterfront Port Development Policies are contained in [Chapter 4](#) of the Waterfront Plan, pp. 78-171, organized by waterfront subarea. See excerpt in Exhibit B below. Also, a summary of each subarea, acceptable uses, and project accomplishments from 1997-2014 was reported in the June 2015 Waterfront Plan Review report, in [Chapter 3](#).
- Site-Specific Development Process details in the Waterfront Plan define the steps for creating advisory groups to solicit and incorporate public input in competitive requests for proposals, before the Port Commission selects a development partner. See excerpt in Exhibit C below.

WATERFRONT PLAN IMPLEMENTATION PROCESS

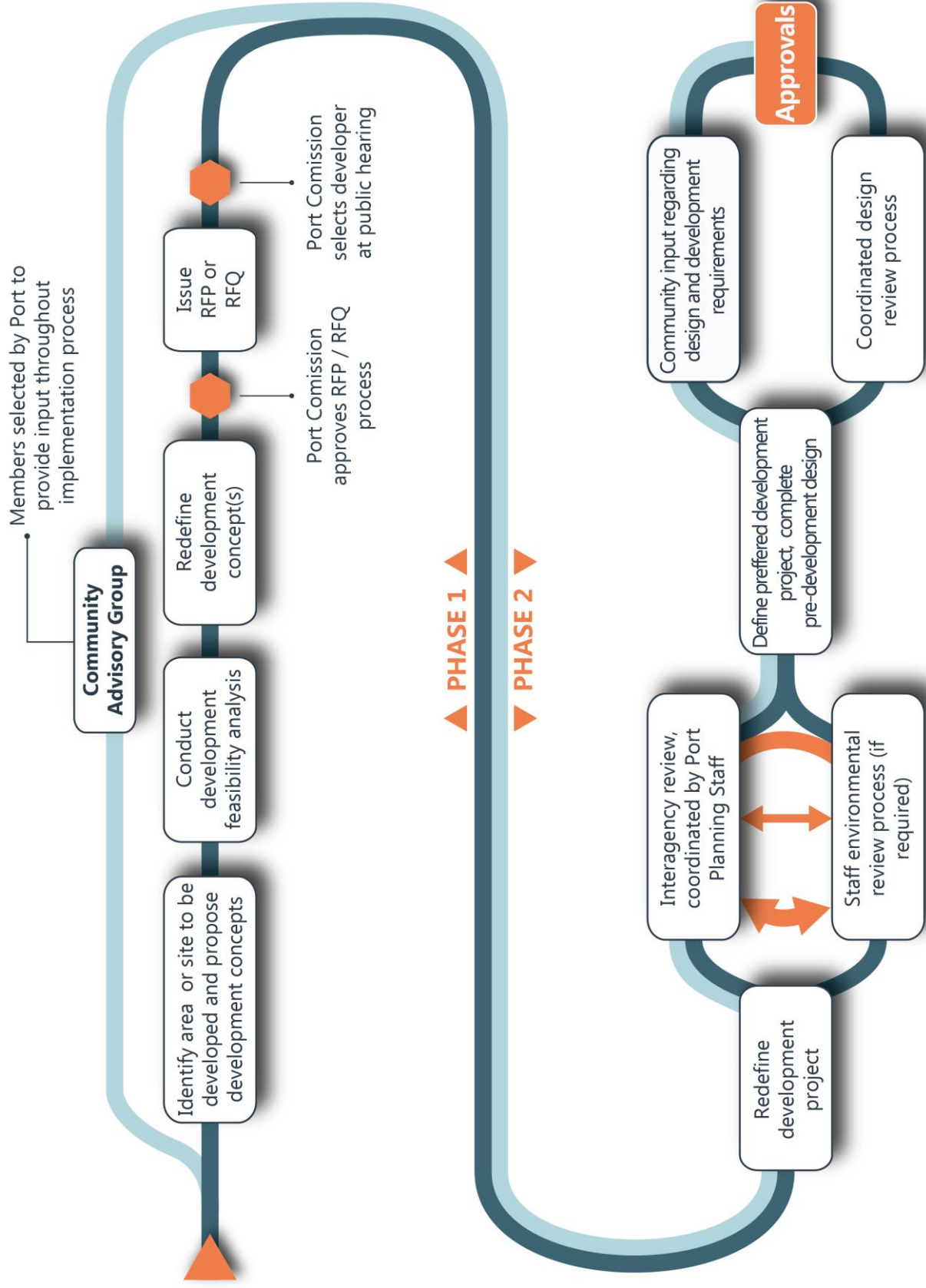


EXHIBIT A – Waterfront Plan Interim Use Policies

As discussed in the introduction to this Chapter, under the Burton Act Public Trust lands may be leased for interim, short-term uses pending their ultimate development for a Trust use. Similarly, BCDC includes provisions for interim uses on property designated for port-priority use in the BCDC/Metropolitan Transportation Commission *San Francisco Bay Area Seaport Plan* which includes much of the Port's property south of China Basin Channel. In addition, the San Francisco Planning Code sets addition standards. Therefore prospective tenants who would like to rent existing space for a 10 year period, for example, are subject to most of the same regulatory processes as a developer who would like to pursue a new major development project which will have a 50 year life.

General Land Use Policies for New Interim Uses

The following General Land Use Policies apply to sites for Interim Uses in the three different areas of Port property described below. In addition, more detailed development standards are identified for specific sites in Chapter 4.

General Policies for Areas North of China Basin Channel and Within BCDC's 100-Foot Shoreline Band

- 1 Where market trends or limited Port resources prevent rehabilitation and reuse consistent with long term objectives for the site, promote the productive use of piers and pier-head and bulkhead buildings on an interim basis, instead of allowing those facilities to stand vacant, by:
 - a. In general, allowing interim uses for terms of up to five years within or on existing structures, provided no major repairs to the facility or substructure are necessary to permit the uses to occur, and the uses do not significantly contradict the overall objectives of the Waterfront Land Use Plan. Examples of such interim uses include: small business incubator industries, academic institutions, community facilities, parking or warehousing.
 - b. Where longer amortization periods are needed, allowing renewal of leases for one additional five year period.
 - c. Considering longer term uses only in exceptional cases where there is thorough and public review pursuant to the Waterfront Plan Implementation Process outlined in Chapter 5. (When appropriate, leases for longer term interim uses could include an amortization schedule with a buy out provision so that permanent uses can be developed as soon as feasible. The Port, as a public agency, has the power of condemnation and can always recover its property for a public purpose.)
 - d. Recognizing that interim uses cannot be expected to support the same level of public access improvements as permanent uses.

- e. Allowing principal permitted uses in C-2 Districts (“Community Business” a common district designation on adjacent non-Port property which permits retail, restaurants, office and a range of other commercial activities) to be approved as interim uses through a streamlined entitlement process.
- 2 Provide affirmative action to maximize opportunities for minority and women-owned businesses to participate in waterfront business enterprises.
- 3 Protect the environment and ensure compatibility with adjacent uses when authorizing interim uses by:
 - a. Reviewing the list of principal permitted uses in a C-2 District and prohibiting those which could present a particular threat to the environment if conducted on a pier.
 - b. Reviewing the list of principal permitted uses in a C-2 District and placing additional limitations on those uses located within 100 feet of any residential district which would generate excessive noise, dust or glare.
 - c. Avoiding interim uses which significantly contradict the overall goals and objectives of the Waterfront Land Use Plan.

General Policies for Seawall Lots North of China Basin Channel

- 4 Where market trends or limited Port resources prevent development consistent with long term objectives for the site, promote the productive use of vacant seawall lots on an interim basis by:
 - a. In general, allowing interim uses for terms of up to five years.
 - b. Permitting the use of seawall lots for open-air parking lots.
 - c. Permitting principal permitted uses in a C-2 District (“Community Business,” which permits retail, restaurants, office and a range of other commercial activities) to be approved as interim uses through a streamlined entitlement process.
 - d. Allowing renewal of leases for additional five-year terms if the interim use continues to be compatible with surrounding activities. (When appropriate, leases for longer term interim uses could include an amortization schedule with a buy out provision so that permanent uses can be developed as soon as feasible. The Port, as a public agency, has the power of condemnation, and can always recover its property for a public purpose.)
 - e. Discouraging construction of any facilities which would tend to deter redevelopment of seawall lots for permanent uses, but permit temporary structures or structures which are easily removed such as carnival tents, roadside produce stands, diners or converted railcars (e.g. Victoria Station Restaurant) to promote uses and activities which would enliven the area.

- 5 If the use of a temporary structure is identified in the Waterfront Land Use Plan as an acceptable permanent use, authorize that use for a term of up to fifteen years notwithstanding that the use may not satisfy all guidelines appropriate to permanent structures on the site.
- 6 Provide affirmative action to maximize opportunities for minority and women-owned businesses to participate in waterfront business enterprises.
- 7 Protect the environment and ensure compatibility with adjacent uses when authorizing interim uses by:
 - a. Reviewing the list of principal permitted open-air uses in a C-2 District and prohibiting those uses which would present a particular threat to the environment because of the potential for groundwater or soil contamination.
 - b. Reviewing the list of principal permitted uses in a C-2 District and placing additional limitations on those uses located within 100 feet of any residential district which would generate excessive noise, dust or glare.
 - c. Avoiding interim uses which significantly contradict the overall goals and objectives of the Waterfront Land Use Plan.

**General Policies for Areas South of China Basin Channel
Including Sites Within BCDC/MTC Bay Area Regional Seaport Plan Area**

- 8 Permit interim uses generally for periods of one to ten years, with exceptions for twenty to thirty years as needed to make productive economic use of the property, by:
 - a. Permitting interim uses on sites that are not necessarily maritime-related, as a means of supporting maritime industries suffering temporary decline.
 - b. Encouraging interim uses, such as general warehousing and distribution operations, that can use existing facilities, thereby preserving those facilities for ultimate re-use for maritime purposes.
 - c. Encouraging interim uses which can use raw land with a minimal level of improvement to the property, such as bus or truck storage or other open air uses. Screen such uses from view, where necessary, if adjacent to residential or commercial districts.
 - d. Permitting construction of new facilities with a sufficiently long lease term to allow amortization of the improvements for long-term interim uses which are not necessarily maritime-related uses. Before allowing long-term interim uses, establish procedures for determining that sites can be encumbered without undermining the Port's future maritime business opportunities.

- 9 Where appropriate, leases for longer term interim uses could include an amortization schedule with a buy out provision so that permanent uses can be developed as soon as feasible. The Port, as a public agency, has the power of condemnation, and can always recover its property for a public purpose.
- 10 Maintain existing City zoning designation of M-1 or M-2 (“Light Industry” and “Heavy Industry,” respectively, which permit a full range of commercial, industrial and manufacturing uses) to permit a broad range of productive uses.
- 11 Provide affirmative action to maximize opportunities for minority and women-owned businesses to participate in waterfront business enterprises.
- 12 Ensure compatibility of interim uses with current and anticipated future uses of adjacent non-Port areas by:
 - a. Limiting interim uses on Port property between Pier 52 and Pier 66 to terms of one to ten years, unless the uses would be compatible with uses planned for adjacent and nearby property approved in the *Mission Bay Redevelopment Plans*, as may be amended from time to time.
 - b. Complying with all existing environmental regulations (e.g. restrictions on noise, emissions, and transportation congestion) in order to avoid significant public health, safety and other impacts of industrial activities.
 - c. Avoiding interim uses that significantly contradict the overall goals and objectives of the Waterfront Land Use Plan.

EXHIBIT B – Waterfront Plan Subarea Development Policies

Subarea Plans

Chapter 4 provides area objectives and development standards for specific Port sites in each of 5 subareas of the Port: The Fisherman's Wharf Waterfront, The Northeast Waterfront, The Ferry Building Waterfront, The South Beach/China Basin Waterfront and The Southern Waterfront. The discussion for each area includes background information which supports each subarea objective. The objectives are followed by development standards which provide guidance on appropriate maritime, open space, public access, residential, commercial and other development in the subarea. The discussion also includes an Acceptable Land Uses Table for Port properties located in the subarea.

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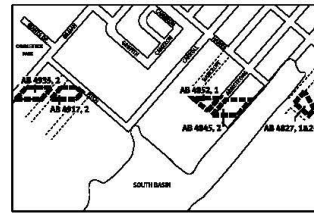
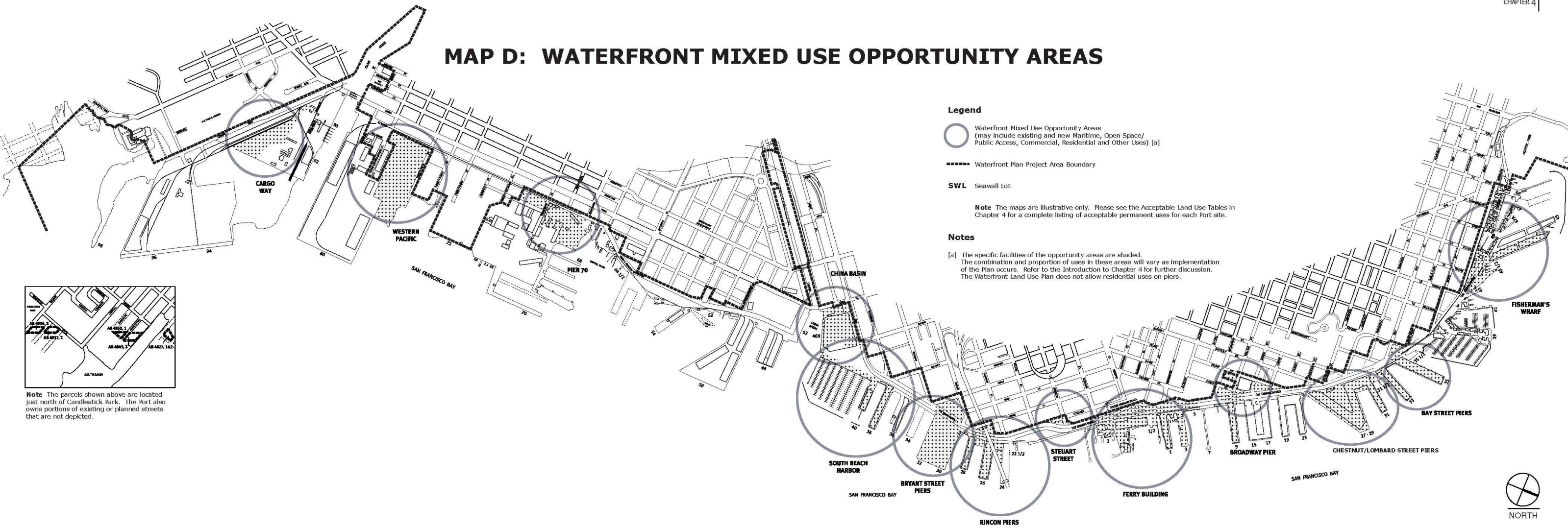
Waterfront Mixed Use Opportunity Areas

As discussed in Chapter 3, The Waterfront Land Use Plan strongly encourages that, where feasible and consistent with BCDC and the Public Trust, new commercial development on piers should be a part of mixed use developments which include maritime, open space and public access activities, and which bring day and nighttime activity to the waterfront. Many Port sites discussed in this chapter are therefore organized into "Waterfront Mixed Use Opportunity Areas" (See Map D next page), combinations of piers and seawall lots where most major changes are expected to occur along the waterfront. In addition, this chapter presents development standards for Other Existing Maritime, Transitional Maritime, and Maritime Expansion Areas, and Other Existing or New Open Spaces and Public Access located in the subarea.

It is important to note that the combination and proportion of uses in specific development projects will vary as implementation of the Plan occurs. In most cases, major developments on piers will include a mix of maritime, commercial and/or open space and public access uses. However, the amount of space dedicated to the different uses will vary. (For example, some projects are likely to include more of a maritime or open space component than others.) In other cases, new developments may include a single use on a site. In this latter case, however, the goal is to have different types of uses on nearby sites so that a mix of uses can be achieved in the greater area. Thus, for example, a pier may contain maritime and open space activities, an adjacent seawall lot may contain residential uses, and another adjacent

pier may contain public access and an entertainment venue. If planned and executed in a coordinated fashion, this flexible, mixed use development approach offers excellent opportunities to reunite the City with a diversity of waterside attractions and amenities. The development of major new commercial uses, particularly on piers and waterside sites in Waterfront Mixed Use Opportunity Areas north of China Basin, will provide opportunities to establish a "PortWalk", a new way to enjoy the sights and sounds of waterfront activities by extending public access, open spaces and viewing areas onto piers and integrating them with the Waterfront Transportation Project pedestrian improvements and open spaces along The Embarcadero.

MAP D: WATERFRONT MIXED USE OPPORTUNITY AREAS



Note The parcels shown above are located just north of Candlestick Park. The Port also owns portions of existing or planned streets that are not depicted.

EXHIBIT C – Waterfront Plan Site Specific Development Process

Site-Specific Development Process for Plan Implementation

Implementation of the Plan requires action by BCDC, the City and the Port to incorporate the Agreements into each agency's plan, policies and objectives. Much of this has been accomplished through the *General Plan and Planning Code* amendments described above. A more efficient site-specific development process for major projects also is necessary to ensure that new land uses and improvements are consistent with local, regional and state waterfront regulations.

Figure A, the Waterfront Plan Implementation Process Flow Chart outlines the Port's approach to improving the site-specific development process. As described below, the steps in this implementation process include early consultation with applicable agencies and the community to formulate acceptable conceptual projects prior to developer selection.

- 1 Establish an advisory group for major projects to provide input and guidance at an early stage in the process when the feasibility of alternative development concepts is analyzed, thereby encouraging community participation and input prior to identifying a development concept. Once the development concept has been defined and applicable requests for qualifications and/or requests for proposals have been issued, the function of the advisory group would be completed. However, individual advisory group members would be encouraged to participate along with other interested citizens in all public hearings and community input meetings that are held to review the project as it proceeds through the permitting and development process.
- 2 The Port should select community representatives and other qualified individuals to serve as part of the advisory group, as appropriate for the site and project concept under consideration. The size of the group should reflect the importance or complexity of the project. Waterfront Plan Advisory Board members should be included, where appropriate, to offer their expertise and provide continuity in the planning process.
- 3 Urban design policies and design guidelines as outlined in the Design & Access Element of the Waterfront Plan and the BCDC Special Area Plan, should be considered in identifying development concepts and should be reflected in the specifications included in the request for proposals.
- 4 Port staff should take an active role in soliciting thorough review by the Planning Department, BCDC, and other agency staffs, as appropriate, when the feasibility of potential development concepts is being analyzed. This should include, as needed, joint staffing of advisory committee meetings and early consultation on major development project requests for proposals.

- 5 The Port Commission should provide an open forum for discussion of important issues related to development concepts for major projects as part of the public hearings held to consider approvals of requests for proposals.
- 6 Requests for proposals should be broadly distributed, and an effort should be made to extend development opportunities to all segments of San Francisco's diverse cultural and ethnic communities. Consistent with federal, state and local laws, the Port should provide affirmative action to minorities and women for leases, concessions, contracts, subcontracts, and other business and employment opportunities. Specific steps should be identified to further this objective. In addition, a policy should be adopted whereby San Francisco residents are given priority hiring preference.
- 7 Once the Port Commission selects a developer (and, for larger projects, enters into an agreement to negotiate exclusively with that developer), Port staff should coordinate inter-agency involvement in the process of refining the development project program and conceptual design.
- 8 A coordinated design review process should avoid reliance on sequential review by each agency with jurisdiction over the site, in order to 1) minimize delay and unnecessary expenses, and 2) ensure that the concerns of the respective agencies are resolved in a satisfactory manner at the earliest possible stage of the design process.
- 9 A joint application for project review should be considered to simplify and unify the regulatory procedures, and expedite the approval of worthy projects.

Because Port Commission actions to approve specific development projects will, to varying extents, continue to be subject to review by the State Lands Commission, Planning Commission and/or BCD, the process of determining acceptable land uses will continue to involve a systematic review of the respective regulations given the specific uses and lease terms proposed in the project and the site location. Prior to issuing Requests for Proposals for new projects, or approving leases of existing facilities, the Port must continue to conduct this review of land use regulations, with input as necessary from the appropriate regulatory agencies. The attached Figures B, C & D provide an overview of this regulatory review process.