



# SAN FRANCISCO PLANNING DEPARTMENT

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## Executive Summary Planning Code Text Amendment & Modification of Development Agreement

HEARING DATE: 10/11/2018

*Record No.:* 2015-005848PCA-02 & 2015-005848DVA-05  
*Project Address:* 1629 Market Street  
*Zoning:* NCT-3 (Neighborhood Commercial, Moderate Scale) Zoning District;  
P (Public) Zoning District  
OS, 68-X and 85-X Height and Bulk Districts  
*Block/Lot:* 3505/001, 007, 008, 027, 028, 029, 031, 031A, 032, 032A, 033, 033A, 035  
*Project Sponsor:* Strada Brady, LLC  
101 Mission Street, Suite 420  
San Francisco, CA 94105  
*Staff Contact:* Richard Sucre – (415) 575-9108  
[richard.sucresf@sfgov.org](mailto:richard.sucresf@sfgov.org)  
*Recommendation:* **Approval**

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
**415.558.6378**

Fax:  
**415.558.6409**

Planning  
Information:  
**415.558.6377**

### PROJECT DESCRIPTION

The proposed project (Project) includes a modification to the Development Agreement between the City and County of San Francisco and "Strada Brady, LLC" in association with the 1629 Market Street Project. The proposed modifications will allow the use of affordable housing credits to satisfy part of the Project's on-site affordable housing obligation. In addition, the Project would amend Planning Code Section 249.81 (the 1629 Market Street Special Use District (SUD)) to reflect the terms of the Development Agreement amendment.

### 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 Supervisor Jane Kim (Board File Nos. 180891 & 180892), which involve modification to the 1629 Market Street Development Agreement to allow the use of affordable housing credits and modification to the 1629 Market Street Special Use District to reflect the terms of the Development Agreement amendment.

### ISSUES AND OTHER CONSIDERATIONS

- **Public Comment & Outreach.** The Department has only received one public correspondence regarding the proposed project. This correspondence requested information on the modification to the Development Agreement, and did not request support or opposition to the Project.

- **Proposed Project.** The Project as approved by the Planning Commission and the Board of Supervisors includes demolition of the existing UA Local 38 building, demolition of the majority of the Lesser Brothers Building, and rehabilitation of the Civic Center Hotel, as well as the demolition of the 242-space surface parking lots on the project site. The Project would construct a total of five new buildings on the project site, including a new UA Local 38 building, and a 10-story addition to the Lesser Brothers Building with ground-floor retail/restaurant space at the corner of Brady and Market Streets ("Building A"). A new 10-story residential building with ground-floor retail/restaurant space ("Building B") would be constructed on Market Street between the new UA Local 38 building and Building A. A nine-story residential building would be constructed at the end of Colton Street and south of Stevenson Street ("Building D"). The five-story Civic Center Hotel would be rehabilitated to contain residential units and ground-floor retail/restaurant space ("Building C"), and a new six-story Colton Street Affordable Housing Building would be constructed south of Colton Street as part of the Project. Overall, the Project will include construction of 455,900 square feet of residential use containing up to 484 residential units (including market rate and on-site affordable housing units) and up to 100 affordable units in the Colton Street Affordable Housing Building, for a total of up to 584 dwelling units. The residential unit breakdown for the 484 units would consist of approximately 131 studio units (27.1 percent), 185 one-bedroom units (38.2 percent), and 168 two-bedroom units (34.7 percent). In addition, the Project will include 32,100 square feet of union facility use, 13,000 square feet of ground-floor retail/restaurant use, and 33,500 square feet of publicly-accessible and residential open space. In addition, the Project would include construction of a two-level, below-grade garage with up to 316 parking spaces (some of which may include the use of stackers) accessible from Brady and Stevenson Streets. As part of the project, the Project Sponsor will develop a new privately-owned publicly-accessible open space at the northeast corner of Brady and Colton Streets.
- **Project History.** On October 19, 2017, the Planning Commission reviewed and approved the Project, including a Conditional Use Authorization and Planned Unit Development (See Planning Commission Motion No. 20038). The Board of Supervisors approved the Project, the associated legislative amendments and the Development Agreement on December 15, 2017.
- **Proposed Amendments.** The proposed amendments to the Development Agreement and 1629 Market Street Special Use District would allow use of affordable housing credits to satisfy a portion of the Project's on-site affordable housing obligations.

## BASIS FOR RECOMMENDATION

The Department finds that the Project is, on balance, consistent with the Objectives and Policies of the General Plan and the Market & Octavia Area Plan. The Project will provide new market-rate housing and supportive affordable housing, thus contributing to the City's housing goals—a top priority for the City of San Francisco. The Department also finds the modification to 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 – Planning Code Text Amendment

Draft Resolution – Modification to Development Agreement

Exhibit A – Board of Supervisors File No. 180891

Exhibit B – Board of Supervisors File No. 180892

Exhibit C – Development Agreement

Exhibit D – Maps and Context Photos



# SAN FRANCISCO PLANNING DEPARTMENT

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## Planning Commission Resolution No. XXXXX

HEARING DATE: OCTOBER 11, 2018

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*Case No.:* **2015-005848PCA-02**  
*Project Name:* **1629 Market Street Special Use District Planning Code Text Amendment**  
*Zoning:* NCT-3 (Neighborhood Commercial, Moderate Scale) Zoning District;  
P (Public) Zoning District  
OS, 68-X and 85-X Height and Bulk Districts  
*Block/Lot:* 3505/001, 007, 008, 027, 028, 029, 031, 031A, 032, 032A, 033, 033A, 034, 035  
*Project Sponsor:* Strada Brady, LLC  
*Staff Contact:* Richard Sucre – (415) 575-9108  
[richard.sucre@sfgov.org](mailto:richard.sucre@sfgov.org)

**RESOLUTION RECOMMENDING THAT THE BOARD OF SUPERVISORS APPROVE AMENDMENTS TO PLANNING CODE SECTION 249.81 (BOARD OF SUPERVISORS FILE NO. 180892) TO MODIFY THE 1629 MARKET STREET SPECIAL USE DISTRICT, INCLUDING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, FINDINGS PURSUANT TO PLANNING CODE SECTION 302, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND PLANNING CODE SECTION 101.1.**

WHEREAS, on September 11, 2018, Supervisor Jane Kim introduced an ordinance for a Planning Code Text Amendment to modify Planning Code Section 249.81, the 1629 Market Street Special Use District (herein "1629 Market Street SUD"), to allow the application of affordable housing credits to satisfy the affordable housing requirements of the 1629 Market Street Mixed-Use Project ("Project").

WHEREAS, pursuant to Planning Code Section 302(b), on September 11, 2018, the San Francisco Board of Supervisors initiated the aforementioned Planning Code Text Amendments.

WHEREAS, these Planning Code Text Amendments would modify the 1629 Market Street SUD to allow for the application of affordable housing credits as set forth in the modification to the Development Agreement (Board File No. 180891).

WHEREAS, on October 19, 2017, the Planning Commission approved the Project per Planning Commission Motion No. 20038. The Project is a new mixed-use development with new residential, retail, and institutional uses, as well as a publicly-accessible open space. The Project includes the demolition of the existing UA Local 38 Building, demolition of the majority of the Lesser Brothers Building, and rehabilitation of the Civic Center Hotel, as well as the demolition of the 242-space surface parking lots on the project site. The Project would construct a total of five new buildings on the project site, including a new UA Local 38 building, and a 10-story addition to the Lesser Brothers Building with ground-floor retail/restaurant space at the corner of Brady and Market Streets ("Building A"). A new 10-story residential building with ground-floor retail/restaurant space ("Building B") would be constructed on

Market Street between the new UA Local 38 building and Building A. A nine-story residential building would be constructed at the end of Colton Street and south of Stevenson Street ("Building D"). The five-story Civic Center Hotel would be rehabilitated to contain residential units and ground-floor retail/restaurant ("Building C"), and a new six-story Colton Street Affordable Housing Project would be constructed south of Colton Street as part of the Project. Overall, the Project will include construction of 455,900 square feet of residential use containing up to 484 residential units (including market rate and on-site affordable housing units) and up to 100 affordable units in the Colton Street Affordable Housing Building, for a total of up to 584 dwelling units. The residential unit breakdown for the 484 units would consist of approximately 129 studio units (26.7 percent), 189 one-bedroom units (39.0 percent), and 166 two-bedroom units (34.3 percent). In addition, the Project will include 32,100 square feet of union facility use, 13,000 square feet of ground-floor retail/restaurant use, and 33,500 square feet of publicly-accessible and residential open space. In addition, the Project would include construction of a two-level, below-grade garage with up to 316 parking spaces (some of which may include the use of stackers) accessible from Brady and Stevenson Streets. As part of the project, the Project Sponsor will develop a new privately-owned publicly-accessible open space at the northeast corner of Brady and Colton Streets.

WHEREAS, this Resolution approving this Planning Code Text Amendment is a companion to the recommendation for approval of modification of the Development Agreement.

WHEREAS, on October 19, 2017, the Planning Commission reviewed and considered the Final EIR for the 1629 Market Street Mixed Project ("FEIR") and found the FEIR to be adequate, accurate and objective, thus reflecting the independent analysis and judgment of the Department and the Commission, and that the summary of comments and responses contained no significant revisions to the Draft EIR, and, by Motion No. 20033, certified the FEIR as accurate, complete and in compliance with the California Environmental Quality Act ("CEQA"), the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.

WHEREAS, on October 19, 2017, the Commission by Motion No. 20034 approved California Environmental Quality Act (CEQA) Findings, including adoption of a statement of overriding considerations, under Case No. 2015-005848ENV, for approval of the Project. Since the FEIR was certified, the Planning Commission finds that there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the FEIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the FEIR. The Planning Commission hereby adopts and incorporates such findings by reference as though fully set forth herein.

WHEREAS, on October 11, 2018, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on the proposed Planning Code Text Amendments.

WHEREAS, a draft ordinance, substantially in the form attached hereto as Exhibit A, approved as to form, would modify the 1629 Market Street SUD.

**NOW THEREFORE BE IT RESOLVED**, that the Planning Commission hereby finds that the Planning Code Text Amendments promote the public welfare, convenience and necessity for the following reasons:

1. The Planning Code Text Amendment would help implement the 1629 Market Street Mixed-Use Project development, thereby evolving currently under-utilized land for needed housing, commercial space, and open space.

2. The Planning Code Text Amendment would help implement the 1629 Market Street Mixed-Use Project, which in turn will provide employment opportunities for local residents during construction and post-occupancy, as well as a new open space for new and existing residents.
3. The Planning Code Text Amendment would help implement the 1629 Market Street Mixed-Use Project by enabling the creation of a new mixed-use development. This new development would integrate with the surrounding City fabric and the existing neighborhood as outlined in the Market & Octavia Area Plan.
4. The Planning Code Text Amendments would enable the construction of a new vibrant, safe, and connected neighborhood, including a new publicly-accessible open space. The General Plan Amendments would help ensure a vibrant neighborhood with active streets and open spaces, high quality and well-designed buildings, and thoughtful relationships between buildings and the public realm.
5. The Planning Code Text Amendments would enable construction of new housing, including new on-site affordable housing and new supportive housing. These new uses would create a new mixed-use development that would strengthen and complement nearby neighborhoods.
6. The Planning Code Text Amendments would facilitate the preservation and rehabilitation of Civic Center Hotel--an important historic resource.

**AND BE IT FURTHER RESOLVED**, that the Commission finds the Planning Code Text Amendments are in general conformity with the General Plan as set forth in Planning Commission Resolution No. 20035.

**AND BE IT FURTHER RESOLVED**, that the Commission finds the Planning Code Text Amendments are in general conformity with Planning Code Section 101.1 as set forth in Planning Commission Resolution No. 20036.

I hereby certify that the Planning Commission ADOPTED the foregoing Resolution on October 11, 2018.

Jonas P. Ionin  
Commission Secretary

AYES:

NOES:

ABSENT:

ADOPTED:                      October 11, 2018



# SAN FRANCISCO PLANNING DEPARTMENT

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## Planning Commission Resolution No. XXXXX

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*Case No.:* 2015-005848DVA-05  
*Project Address:* 1629 Market Street Mixed-Use Project  
*Zoning:* NCT-3 (Neighborhood Commercial, Moderate Scale) Zoning District;  
P (Public) Zoning District  
OS, 68-X and 85-X Height and Bulk Districts  
*Block/Lot:* 3505/001, 007, 008, 027, 028, 029, 031, 031A, 032, 032A, 033, 033A, 035  
*Project Sponsor:* Strada Brady, LLC  
*Staff Contact:* Richard Sucre – (415) 575-9108  
[richard.sucre@sfgov.org](mailto:richard.sucre@sfgov.org)

**RESOLUTION RECOMMENDING THAT THE BOARD OF SUPERVISORS APPROVE A MODIFICATION TO THE DEVELOPMENT AGREEMENT BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND STRADA BRADY, LLC, FOR CERTAIN REAL PROPERTY LOCATED AT MARKET AND COLTON STREETS, COMPRISED OF ASSESSOR'S BLOCK 3505 AND LOTS 001, 007, 008, 027, 028, 029, 031, 031a, 032, 032a, 033, 033a AND 035, ALTOGETHER CONSISTING OF APPROXIMATELY 2.2 ACRES, AND ADOPTING VARIOUS FINDINGS, INCLUDING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT 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 December 15, 2017, the Board of Supervisors approved the Development Agreement, which would enable the 1629 Market Street Mixed-Use Project. The 1629 Market Street Mixed-Use Project ("Project") is a new mixed-use development with new residential, retail, and institutional uses, as well as a publicly-accessible open space. The Project includes the demolition of the existing UA Local 38 Building, demolition of the majority of the Lesser Brothers Building, and rehabilitation of the Civic Center Hotel, as well as the demolition of the 242-space surface parking lots on the project site. The Project would construct a total of five new building on the project site, including a new UA Local 38 building, and a 10-story addition to the Lesser Brothers Building with ground-floor retail/restaurant space at the corner of Brady and Market Streets ("Building A"). A new 10-story residential building with ground-floor retail/restaurant space ("Building B") would be constructed on Market Street between the new UA Local 38 building and Building A. A nine-story residential building would be constructed at the end of Colton Street and south of Stevenson Street ("Building D"). The five-story Civic Center Hotel would be rehabilitated to contain residential units and ground-floor retail/restaurant ("Building C"), and a new six-story Colton Street Affordable Housing Project would be constructed south of Colton Street as part of the Project. Overall, the Project will include construction of

455,900 square feet of residential use containing up to 484 residential units (including market rate and on-site affordable housing units) and up to 100 affordable units in the Colton Street Affordable Housing Building, for a total of up to 584 dwelling units. The residential unit breakdown for the 484 units would consist of approximately 129 studio units (26.7 percent), 189 one-bedroom units (39.0 percent), and 166 two-bedroom units (34.3 percent). In addition, the Project will include 32,100 square feet of union facility use, 13,000 square feet of ground-floor retail/restaurant use, and 33,500 square feet of publicly-accessible and residential open space. In addition, the Project would include construction of a two-level, below-grade garage with up to 316 parking spaces (some of which may include the use of stackers) accessible from Brady and Stevenson Streets. As part of the project, the Project Sponsor will develop a new privately-owned publicly-accessible open space at the northeast corner of Brady and Colton Streets.

WHEREAS, on September 11, 2018, Supervisor Jane Kim introduced an ordinance to amend the development agreement between Strada Brady LLC and the City and County of San Francisco (See Board of Supervisors File No. 180891) ("Development Agreement") to allow the application of affordable housing credits to meet a portion of the Project's affordable housing requirements.

WHEREAS, on September 17, 2018, the Director of Planning received an application from Strada Brady LLC to amend the Development Agreement, per Chapter 56 of the San Francisco Administrative Code, consistent with the terms of the ordinance introduced by Supervisor Kim

WHEREAS, the Board will be taking an additional action in furtherance of the Project, including the adoption of a modification to the 1629 Market Street Special Use District ("1629 Market Street SUD") to reflect the Development Agreement amendment.

WHEREAS, in furtherance of the Project and the City's role in subsequent approval actions relating to the Project, the City and Strada Brady, LLC negotiated an amendment to the Development Agreement for development of the Project site, a copy of which is attached as Exhibit A (the "Development Agreement").

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 Ordinance contained in Board of Supervisors File No. 180891.

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 19, 2017, the Planning Commission ("Commission") reviewed and considered the Final EIR for the 1629 Market Street Mixed Project ("FEIR") and found the FEIR to be adequate, accurate and objective, thus reflecting the independent analysis and judgment of the Department and the Commission, and that the summary of comments and responses contained no significant revisions to the Draft EIR, and, by Motion No. 20033, certified the FEIR as accurate, complete and in compliance with the California Environmental Quality Act ("CEQA"), the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.

WHEREAS, on October 19, 2017, the Commission by Motion No. 20034 approved California Environmental Quality Act (CEQA) Findings, including adoption of a statement of overriding considerations, under Case No. 2015-005848ENV, for approval of the Project. Since the FEIR was certified,



the Planning Commission finds that there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the FEIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the FEIR. The Planning Commission adopts and incorporates by reference such findings as though fully set forth herein.

WHEREAS, on October 19, 2017, by Motion Nos. 20035 and 20036, the Commission adopted findings in connection with its consideration of, among other things, the adoption of amendments to the General Plan and related zoning text and map amendments, under CEQA, the State CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code and made certain findings in connection therewith, which findings are hereby incorporated herein by this reference as if fully set forth herein.

WHEREAS, on October 19, 2017, by Motion No. 20035, 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 SUD and development therein, which findings are hereby incorporated by this reference as if fully set forth herein.

**NOW THEREFORE BE IT RESOLVED**, that the Commission recommends approval of the 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 monthly meetings held for the last two years, 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 recommendation of 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.

I hereby certify that the Planning Commission ADOPTED the foregoing Resolution on October 11, 2018.

Jonas P. Ionin  
Commission Secretary

AYES:

NOES:

ABSENT:

ADOPTED:     October 11, 2018

[Development Agreement Amendment - Strada Brady, LLC - Market and Colton Streets]

**Ordinance amending a Development Agreement between the City and County of San Francisco and Strada Brady, LLC, a California limited liability company, for the project at Market Street and Colton Street, to allow for the use of affordable housing credits; making findings under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

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 ~~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. Findings. The Board of Supervisors makes the following findings:

(a) City and Strada Brady, LLC, a California limited liability company (“Developer”), entered into a development agreement for certain property located at Market, Colton and Brady Streets, recorded in the Official Records of San Francisco on April 25, 2018 Property as Document No. 2018K607299 (the “Development Agreement”), approved by the Board of Supervisors by Ordinance No. 242-17 (File No. 170939).

(b) The project under the Development Agreement (the “Project”) includes approximately 484 residential units, of which 12% are onsite inclusionary units affordable to households earning up to 100% AMI. The Project also includes a stand-alone building with approximately 100 affordable supportive housing units, with a depth of affordability that exceeds current City requirements (the “Supportive Housing”).

1 (c) City and South Beach Marina, Inc., a Florida corporation ("SBI"), entered into an  
2 agreement dated as of June 20, 2016, to preserve affordable housing at the South Beach  
3 Marina Apartments that would otherwise return to market rates (the "South Beach  
4 Agreement"). Under the South Beach Agreement, City granted SBI \$59,300,000 of affordable  
5 housing credits that could be used against affordable housing requirements for projects in  
6 San Francisco.

7 Section 2. Development Agreement Amendment. The Board of Supervisors approves  
8 an amendment to the Development Agreement, in substantially the form on file with the Clerk  
9 of the Board of Supervisors in File No. \_\_\_\_\_, to allow the affordable housing credits  
10 under the South Beach Agreement to be used to satisfy the onsite inclusionary affordable  
11 housing obligations for the Project. Nothing in the amendment affects the onsite Supportive  
12 Housing.

13 Section 3. CEQA Findings. In approving the Project, the Board reviewed the Final  
14 Environmental Impact Report ("FEIR") and adopted CEQA findings, including a statement of  
15 overriding considerations and a mitigation and monitoring program as set forth in Ordinance  
16 No. 242-17 (the "CEQA Findings"). The Board finds that since the FEIR was certified, there  
17 have been no substantial project changes and no substantial changes in project  
18 circumstances that would require major revisions to the FEIR due to the involvement of new  
19 significant environmental effects or an increase in the severity of previously identified  
20 significant impacts, and there is no new information of substantial importance that would  
21 change the conclusions set forth in the FEIR. The Board hereby adopts and incorporates by  
22 reference as though fully set forth herein the CEQA Findings.

23 Section 5. General Plan Consistency. On \_\_\_\_\_, 2018, the Planning  
24 Commission, adopted findings that the actions contemplated in this ordinance are consistent,  
25 on balance, with the City's General Plan and eight priority policies of Planning Code

1 Section 101.1. The Board adopts these findings as its own. A copy of the Planning  
2 Commission resolution is on file with the Clerk of the Board of Supervisors in File No.  
3 \_\_\_\_\_, and is incorporated herein by reference.

4 Section 6. Effective Date. This ordinance shall become effective 30 days after  
5 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
6 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
7 of Supervisors overrides the Mayor's veto of the ordinance.

8  
9 APPROVED AS TO FORM:  
10 DENNIS J. HERRERA, City Attorney

11 By: \_\_\_\_\_  
12 Charles Sullivan  
Deputy City Attorney

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[Planning Code - 1629 Market Street Special Use District]

**Ordinance amending the Planning Code to allow the use of affordable housing credits for a proposed development at 1629 Market Street; making findings under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1, and findings of public necessity, convenience, and welfare under Planning Code, Section 302.**

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. Environmental and Land Use Findings.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_ and is incorporated herein by reference. The Board affirms this determination.

(b) On \_\_\_\_\_, the Planning Commission, in Resolution No. \_\_\_\_\_, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_, and is incorporated herein by reference.

1 (c) On \_\_\_\_\_, the Planning Commission, in Resolution No. \_\_\_\_\_,  
2 approved this ordinance, recommended it for adoption by the Board of Supervisors, and  
3 adopted findings that it will serve the public necessity, convenience, and welfare. Pursuant to  
4 Planning Code Section 302, the Board adopts these findings as its own. A copy of said  
5 Resolution is on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_, and is  
6 incorporated herein by reference.

7 Section 2. Planning Code Amendment. Planning Code section 249.81(c)(3) is  
8 amended as follows:

9 (3) Affordable Housing. The following shall apply in lieu of any other inclusionary or  
10 affordable housing exactions set forth in this Code: Twelve percent (12%) of all of the  
11 residential units constructed on site shall be affordable to residents at or below 100% Area  
12 Median Income for the life of the applicable building, except for the approximately 95 to 100  
13 residential units to be constructed on Assessor's Parcel Block No. 3505, Lots 27 and 28,  
14 referred to as the Colton Street Building, which shall be affordable to residents at or below  
15 60% Area Median Income for the life of the building. As a result, the project will achieve  
16 approximately twenty eight percent (28%) affordability. Notwithstanding the foregoing, Developer  
17 may satisfy all or a portion of the twelve percent inclusionary requirements through the application of  
18 affordable housing credits as set forth in the Development Agreement.

19 Section 3. Effective Date. This ordinance shall become effective 30 days after  
20 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
21 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
22 of Supervisors overrides the Mayor's veto of the ordinance.

23 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
24 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
25 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal

Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the “Note” that appears under the official title of the ordinance.

APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
Charles Sullivan  
Deputy City Attorney

September 17, 2018

BY HAND DELIVERY

San Francisco Planning Department  
1650 Mission Street, Suite 400  
San Francisco, California 94103-2479  
Attn: John Rahaim, Director

Re: Strada Brady LLC Application for Amendment to Development Agreement,  
Administrative Code § 56.4

Dear Director Rahaim:

Pursuant to San Francisco Administrative Code Section 56.4, Strada Brady LLC ("Strada") submits this letter application for a request for amendment of the Development Agreement by and between the City and County of San Francisco and Strada Brady LLC for Property at Market and Colton Streets (the "Development Agreement") with respect to the mixed-use project at 1629 Market Street (the "Project").

As detailed in the original Development Agreement application letter dated September 20, 2017, the Project includes substantial community benefits regarding affordable housing, open space and streetscape improvements which meet or exceed those required by existing ordinances and regulations governing the approval of the Project. We request an amendment to the DA (Exhibit D, Affordable Housing Program) to allow Affordable Housing Credits from the South Beach Marina Apartments Inc. ("SBI") to be applied to the Project. Background regarding the Affordable Housing Credits and the benefits associated with proposed DA amendment are as follows:

The State of Florida Pension Fund ("Pension Fund") is the majority owner of the South Beach Marina Apartments. In June of 2016, the City entered into an agreement with the South Beach Marina Apartments Inc. ("SBI"). An affordability covenant had expired, and absent further agreement, the units were legally entitled to be increased to market rates. Under the City/SBI agreement ("SBI Agreement"), SBI agreed to preserve 101 BMR units in the South Beach Marina Apartments. In exchange, the City granted SBI \$59,300,000 of Affordable Housing Credits, which SBI has the right to apply against affordable housing requirements for projects in San Francisco.

The SBI Agreement provides that to the extent SBI has not used or sold Affordable Housing Credits by 2021, SBI can raise rents on the BMR units at the South Beach Marina Apartments to market rates. SBI currently has approximately \$27,700,000 of



unallocated Affordable Housing Credits. With the slow-down in new residential development caused by rising construction costs and other economic factors, there are very limited options for utilizing the remaining Affordable Housing Credits.

The Pension Fund is interested in providing the equity for the market-rate components of the Project, but only if it can apply its Affordable Housing Credits to the Project. The Project includes approximately 50 BMR units in three of the new development buildings ("Building A," "Building B," and "Building D") with rental rates affordable at 100% of AMI. The Mayor's Office of Housing and Community Development has determined that the value of "buying out" those BMR units with the SBI Agreement is approximately \$18.5M. In other words, by applying the Affordable Housing Credits to the inclusionary requirements at Buildings A, B, and D (but still providing the Civic Center Hotel inclusionary units onsite and the approximately 100-unit Colton Street supportive housing building), the existing SBI Affordable Housing Credits will be reduced by \$18.5M.

The proposed Development Agreement amendment would achieve the following important City public policy goals, in addition to the Project's other public benefits:

- Protect residents in the South Beach Marina Apartments in BMR units by ensuring the Affordable Housing Credits are used and do not result to higher rents for those residents.
- Use the credits on a project that will still have a significant affordable housing component of approximately 17% at low-income levels (through the Colton Street supportive housing project with CHP, set at no more than 60% AMI, and the moderate-income units in the redeveloped Civic Center Hotel), even after the use of the credits.
- Florida's equity investment is necessary to enable an important housing project with significant public benefits (including supportive housing and public open space) to proceed.

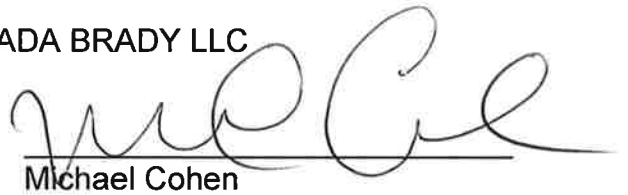
John Rahaim, Director  
Page 3

Thank you for your consideration.

Respectfully submitted,

STRADA BRADY LLC

By:



Michael Cohen

cc: Rich Sucre, San Francisco Planning Department  
Anne Taupier, Mayor's Office of Economic & Workforce Development  
Gail Gilman, Chief Executive Officer, Community Housing Partnership

RECORDING REQUESTED BY  
THE CITY AND COUNTY OF SAN FRANCISCO

(Exempt from Recording Fees  
Pursuant to Government Code  
Section 27383)

AND WHEN RECORDED MAIL TO:

Angela Calvillo  
Clerk of the Board of Supervisors  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

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Block 3505: Lots 001, 007, 008, 027, 028, 029, 031, 031A, 032, 032A, 033, 033A, and 035

AMENDMENT NO. 1 TO DEVELOPMENT AGREEMENT  
BETWEEN CITY AND COUNTY OF SAN FRANCISCO AND STRADA BRADY LLC  
FOR PROPERTY AT MARKET AND COLTON STREETS

This Amendment No. 1 to Development Agreement (this “**Amendment No. 1**”) is made by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the “**City**”), acting by and through its Planning Department, and STRADA BRADY LLC, a California limited liability company (“**Developer**”), and is dated for reference purposes as of August \_\_, 2018.

**Recitals**

A. City and Developer entered into a Development Agreement dated as of April 17, 2018 and recorded in the Official Records against certain property described in Exhibit A (the “**Project Site**”) on April 25, 2018 Property as Document No. 2018K607299 (the “**Development Agreement**”). Any capitalized term used in this Amendment No. 1 that is not defined will have the meaning given to such term in the Development Agreement.

B. The Parties now wish to amend the Development Agreement as set forth below.

Now therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**Agreement**

1. Affordable Housing Credits. The underlined language set forth below is added to Section B.1 of Exhibit D (the Affordable Housing Plan):

Number of BMR Units. Not less than twelve percent (12%) of the units located in each of Buildings A-D (approximately 57 units) shall consist of workforce BMR units affordable

to households earning up to 100% AMI (the “**BMR Units**”). The rental and re-rental of the BMR Units shall comply with the lottery preferences and other provisions utilized by MOHCD under the Mayor’s Office of Housing and Community Development Housing Preferences and Lottery Procedures Manual, and the reporting and monitoring requirements of the City and County of San Francisco Inclusionary Affordable Housing Program Monitoring and Procedures Manual, each as published by MOHCD and as each may be updated from time to time, to the extent permitted by law. Developer shall record affordability restrictions that remain in effect for the life of the Project against each of the BMR Units, approved by MOHCD, before occupancy of the applicable units. Notwithstanding the foregoing or anything else to the contrary in the Agreement, Developer may satisfy the requirements of this Section through the application of Credits, as defined in that certain Agreement Preserving Affordable Housing Units at South Beach Marina Apartments by and between the City, acting through the Mayor’s Office of Housing and Community Development (“MOHCD”), and South Beach Marina, Inc., a Florida corporation, dated as of June 20, 2016 (the “South Beach Agreement”). If Developer satisfies the requirements of this Section through the application of Credits, then references in the Agreement to "BMR Units" shall be modified to reflect the application of the Credits. The value of the Credits needed to offset the Affordable Housing Fee that would apply under Planning Code Section 415 to satisfy the BMR Unit obligation for each Building shall be determined by MOHCD as set forth in the South Beach Agreement before issuance of the first construction document for the applicable Building.

2. Miscellaneous.

a. Incorporation. This Amendment No. 1 constitutes a part of the Development Agreement and any reference to the Development Agreement shall be deemed to include a reference to the Development Agreement as amended by this Amendment No. 1.

b. Effective Date. This Amendment No. 1 shall be effective on the date that it is signed by both Parties and recorded in the Official Records.

c. Ratification. To the extent of any inconsistency between this Amendment No. 1 and the Development Agreement, the provisions contained in this Amendment No. 1 shall control. As amended by this Amendment No. 1, all terms, covenants, conditions, and provisions of the Development Agreement shall remain in full force and effect.

d. Governing Law; Venue. This Amendment No. 1 shall be governed by and construed in accordance with the laws of the State of California.

e. Integration. This Amendment No. 1 contains the entire agreement between the Parties with respect to the subject matter of this Amendment No. 1. Any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded in total by this Amendment No. 1.

NOW THEREFORE, the parties hereto have executed this Amendment No. 1 as of the date set forth above.

CITY AND COUNTY OF  
SAN FRANCISCO, a municipal corporation

STRADA BRADY LLC,  
a California limited liability company

By: \_\_\_\_\_  
John Rahaim, Director of Planning

By: \_\_\_\_\_  
Michael Cohen, Manager

APPROVED:

DENNIS J. HERRERA  
City Attorney

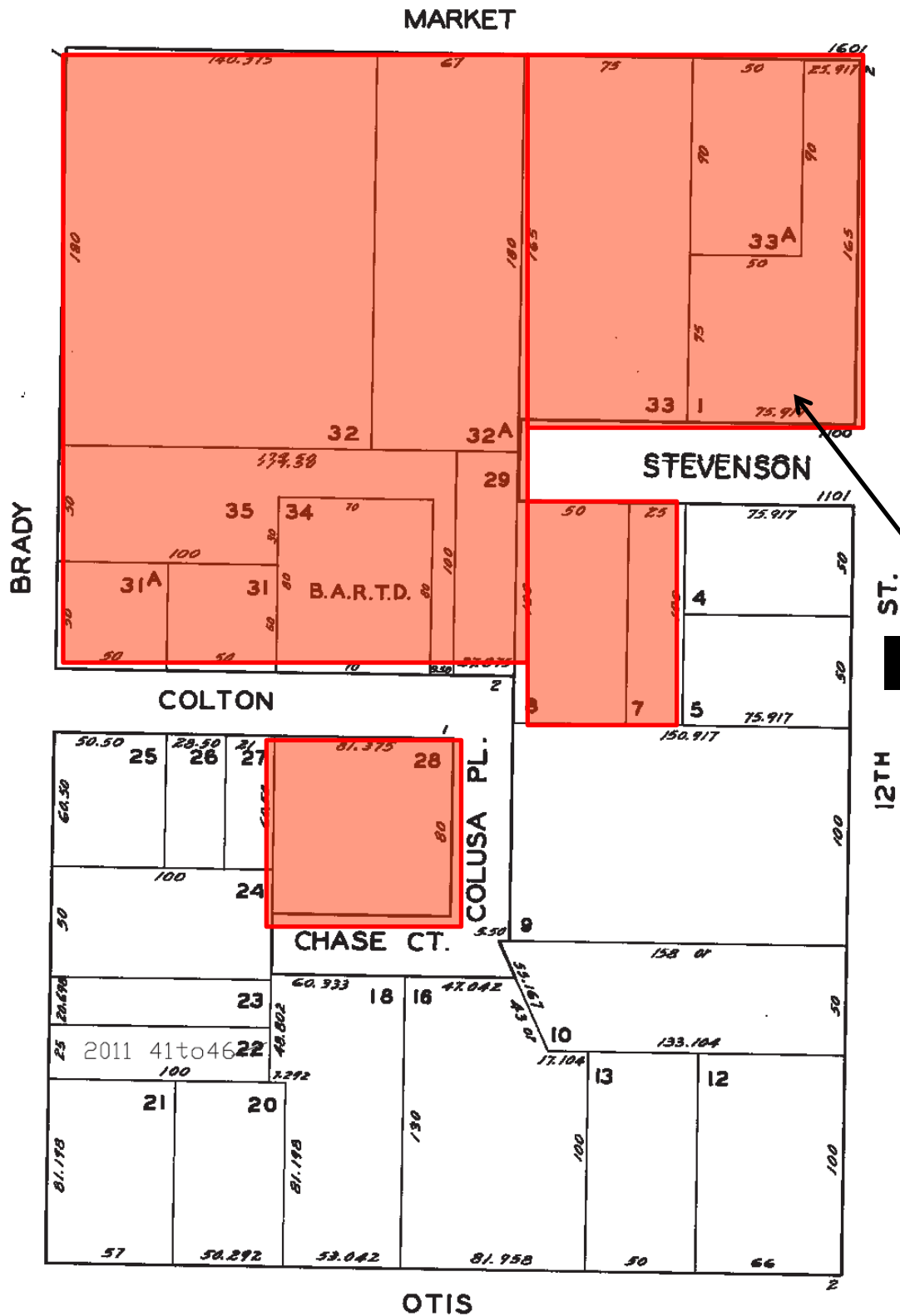
By: \_\_\_\_\_  
Charles Sullivan, Deputy City Attorney

RECOMMENDED:

Mayor's Office of Housing and Community Development

By: \_\_\_\_\_  
Kate Hartley, Director

# Block Book Map

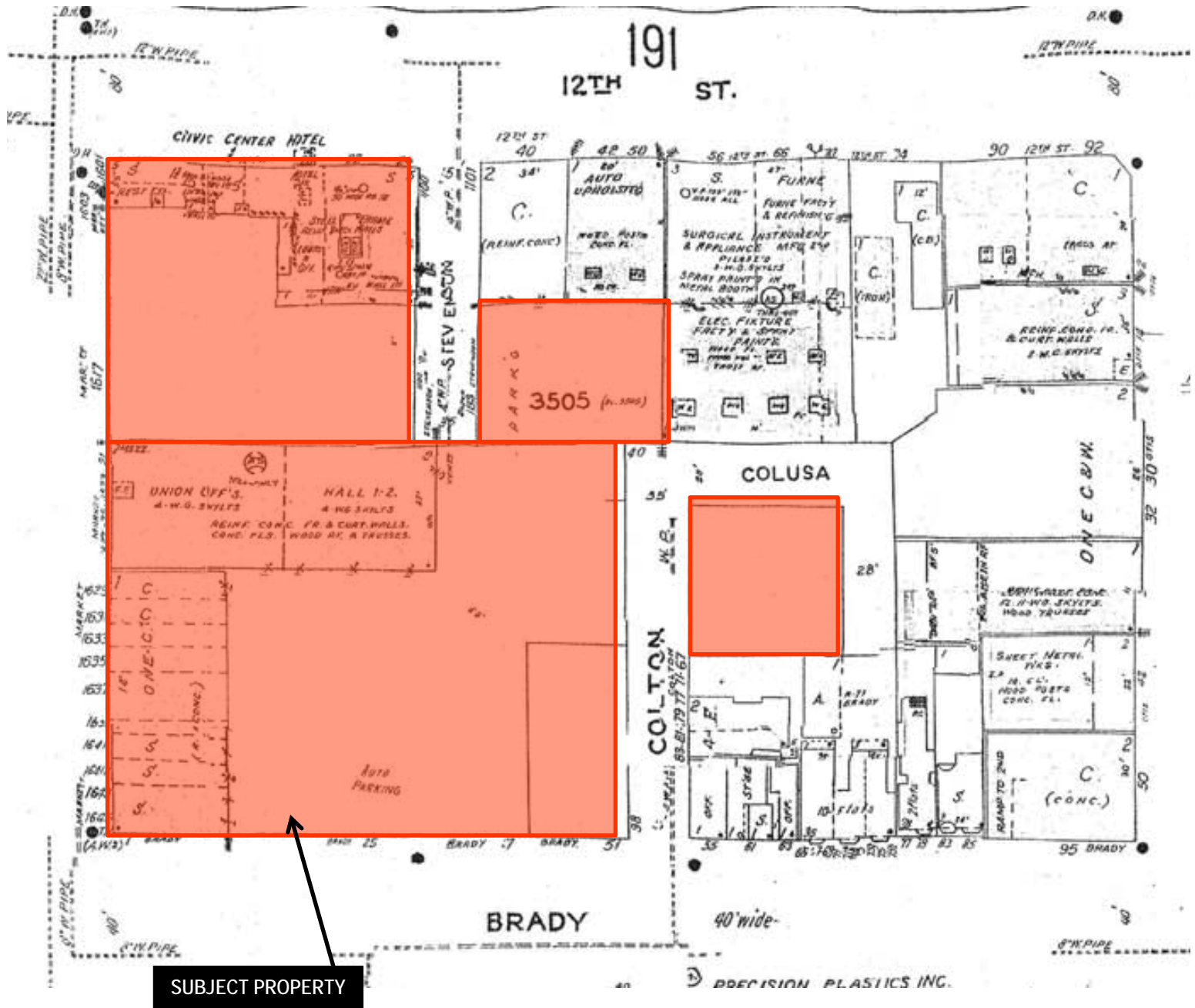


## Subject Property

Conditional Use Authorization  
Case Number 2015-005848CUA  
1629 Market Street



# Sanborn Map\*

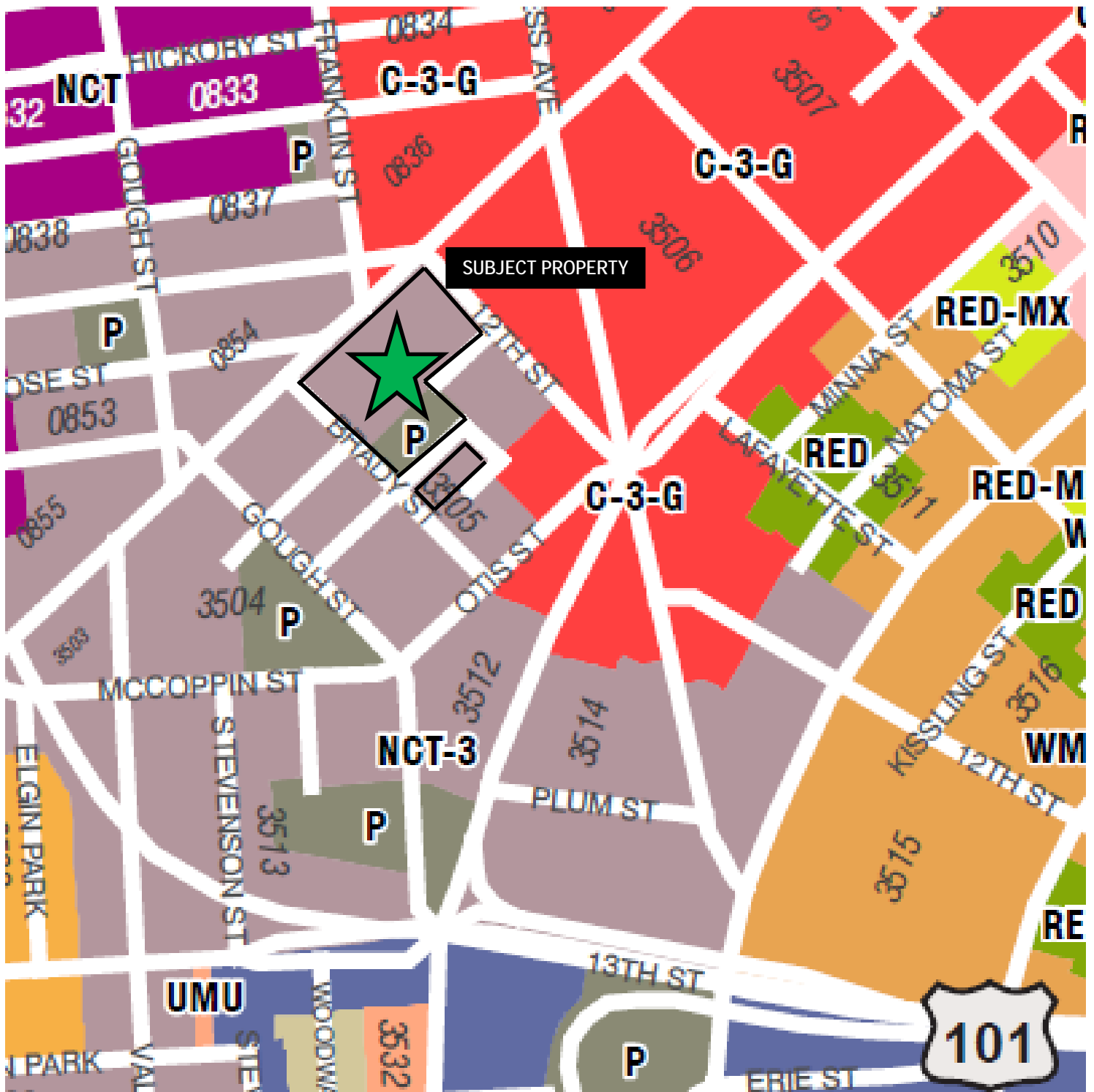


\*The Sanborn Maps in San Francisco have not been updated since 1998, and this map may not accurately reflect existing conditions.

Conditional Use Authorization  
Case Number 2015-005848CUA  
1629 Market Street



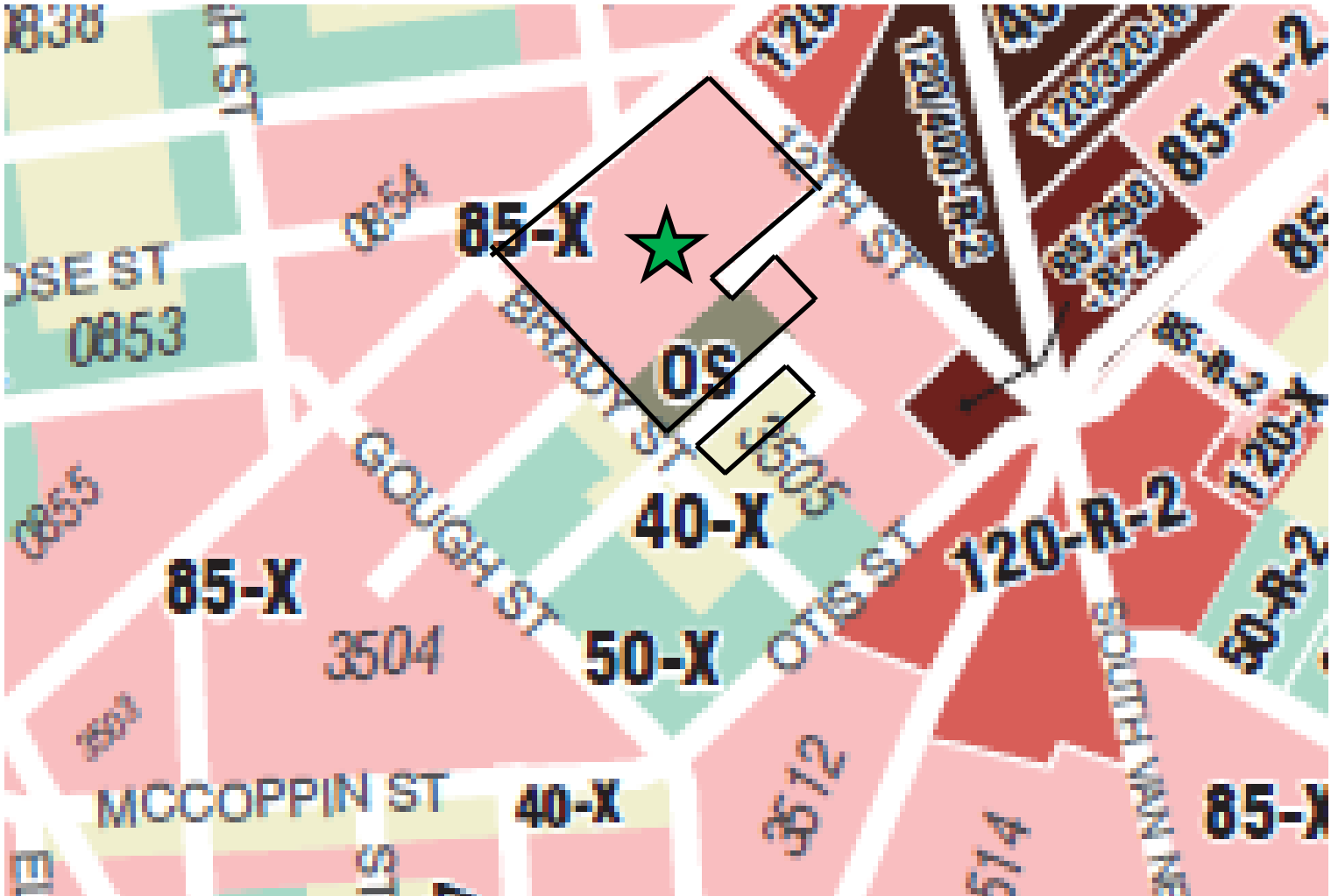
# Zoning Map



Conditional Use Authorization  
Case Number 2015-005848CUA  
1629 Market Street

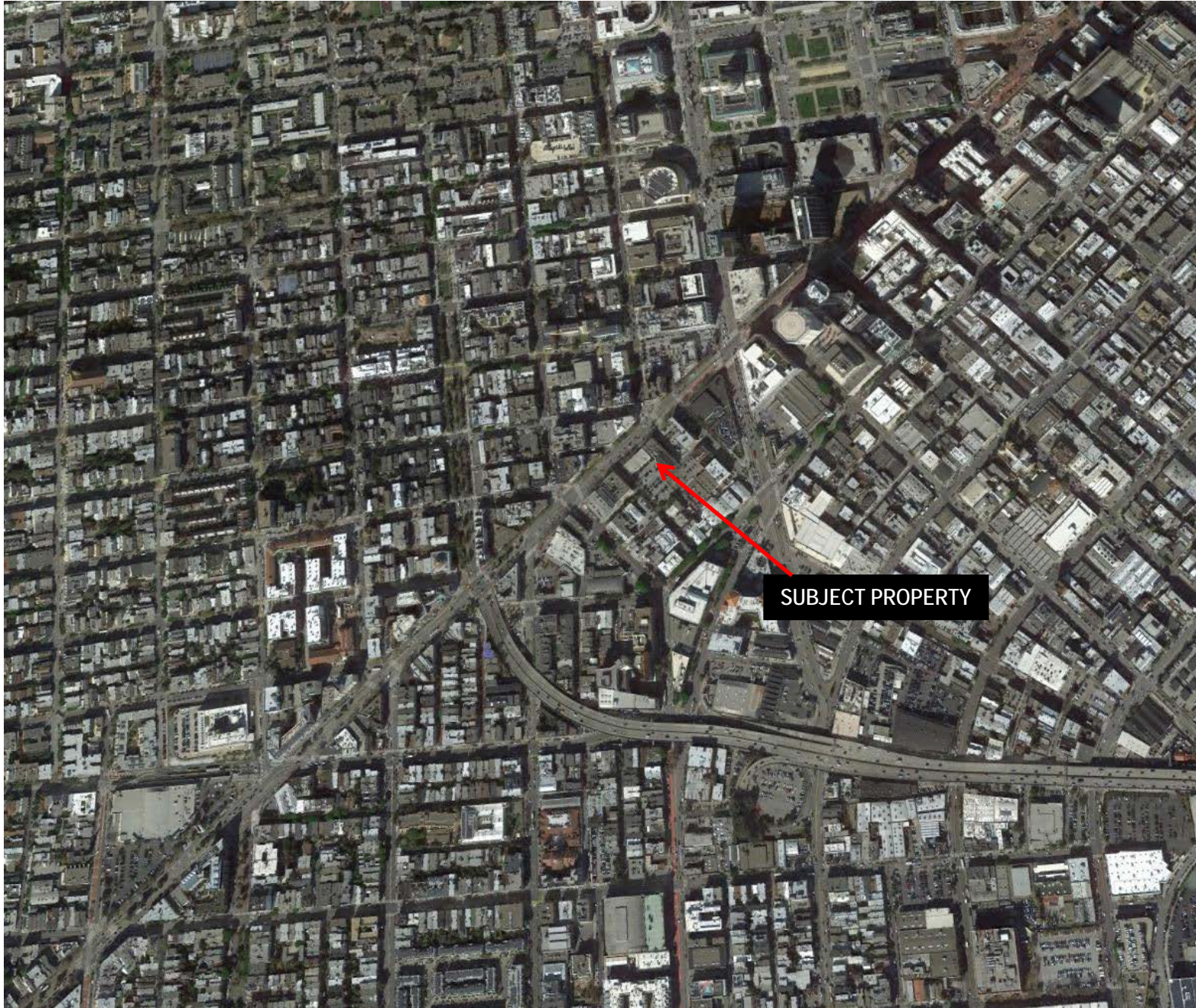


# Height and Bulk Map



Conditional Use Authorization  
Case Number 2015-005848CUA  
1629 Market Street

# Aerial Photo





# Aerial Photo



# Context Photos

## SUBJECT PROPERTY ON MARKET STREET



Conditional Use Authorization  
Case Number 2015-005848CUA  
1629 Market Street



# Context Photos

## SUBJECT PROPERTY ON MARKET STREET

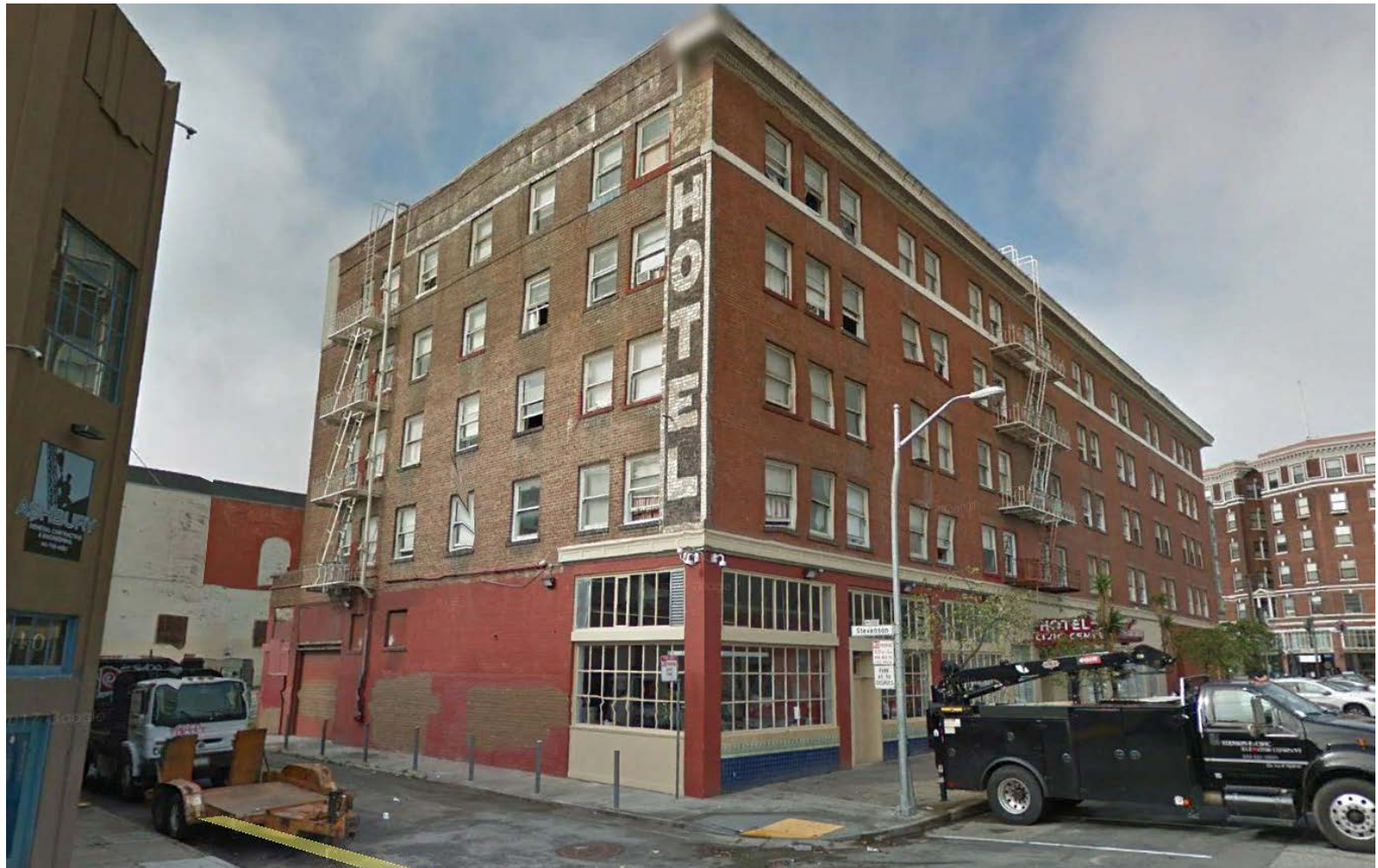


Conditional Use Authorization  
Case Number 2015-005848CUA  
1629 Market Street



# Site Photo

PORTION OF SUBJECT BLOCK ON 12th STREET @ STEVENSON



Conditional Use Authorization  
Case Number 2015-005848CUA  
1629 Market Street



# Site Photo

## PORTION OF SUBJECT BLOCK ON BRADY STREET @ COLTON



## COLUSA PL @ COLTON ST



Conditional Use Authorization  
Case Number 2015-005848CUA  
1629 Market Street