



## MEMORANDUM

March 7, 2025

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Gail Gilman, Vice President  
Hon. Willie Adams  
Hon. Stephen Engblom  
Hon. Steven Lee

**FROM:** Elaine Forbes  
Executive Director

**SUBJECT:** Informational presentation with possible action regarding amendments to the Mission Rock Housing Plan, amendments to the Parcel A Lease, and revisions to the Phase 1 Submittal for the Mission Rock Project at Seawall Lot 337, bounded by China Basin Channel, Third Street, Mission Rock Street and San Francisco Bay.

**DIRECTOR'S RECOMMENDATION:** Approve the Attached Resolution No. 25-17

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### EXECUTIVE SUMMARY

The Mission Rock project (the "Project") is a 28-acre site located at Seawall Lot 337 and bounded by China Basin Channel, Third Street, Mission Rock Street, and the San Francisco Bay. The Port's development partner for the Project is Seawall Lot 337 Associates, LLC, a partnership between the San Francisco Giants and Tishman Speyer (collectively with its affiliates, the "Developer"). The Project is governed by its Disposition and Development Agreement (DDA), Master Lease, and related agreements between the Port and the Developer.

Following the Port Commission and Board of Supervisor's approval of the Project's transaction documents in 2018, and pursuant DDA, the Developer delivered the Phase 1 Submittal including the Phase scope, budget, and schedule to the Port in spring 2019. As required by the DDA, the Phase 1 Submittal included the land use plan for each building and Inclusionary Below Market Rate ("BMR") units in each Residential building, which is

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included as the “Housing Plan” exhibit to the DDA. In the fall of 2019, the Port approved the Phase 1 Submittal allowing horizontal and vertical construction to commence.

In January 2024, after several months of marketing and leasing the Canyon (Mission Rock “Parcel A”), the Developer proposed modifications to the Phase 1 Submittal to respond to specific challenges associated with leasing the BMR units designated at higher income levels of 120% and 150% Area Median Income (“AMI”). The modifications reduced the total number of BMR units and provided deeper affordability by increasing the number of BMR units available to households with incomes less than 90% of AMI at Parcel F. In consultation with the Mayor’s Office of Housing and Community Development (“MOHCD”), Port agreed that the proposed changes were compliant with the transaction documents, reasonable, and in the best interest of the project since the developer had struggled to lease many 120% and 150% AMI BMR units in Parcel A. The Port Commission approved Resolution 24-21 on April 9, 2024, which authorized the Executive Director to execute an amendment to the Parcel F VDDA and to the Parcel F Lease, as well as other documents required to reflect the requested changes to the Phase 1 Phase Submittal and its modifications to the number and affordability levels of the BMR units in Parcel F.

While the leasing has continued steadily for both market-rate units and the 90% AMI BMR units, the leasing of BMR units at higher AMI levels continues to face challenges at Parcel A. To accelerate occupancy of BMR units and to respond to the demonstrated demand for lower AMI units, the Developer has proposed further modifications to the Housing Plan.

This memorandum details specific modifications to the Housing Plan proposed by the Developer, in consultation with MOHCD and Port staff, and describes the rationale for these changes. While the Housing Plan originally described an affordable housing program for Phase 1, the transaction documents also permit the Developer to make modifications (subject to Port and MOHCD approval).

The developer’s proposal, if approved, would effect the following changes:

1. Adjust the number of BMR units at Parcel A to eliminate 150% AMI units, reduce the number of 120% AMI units, and increase the number of 90% AMI and market-rate units,
2. Reduce the percentage of residential units required to be BMR units in each Project Phase from 30% to 20%, and
3. Revise the Phase 1 Submittal to lower the percentage of BMR units of all residential units in Phase 1 from 30% to 24.6% (161 units to 132 units) and amend the Parcel A Lease to conform with the changes.

The attached resolution: (1) recommends the Board of Supervisors (BOS) approve amending the Housing Plan to lower the percentage of residential units required to be BMR units in each Project Phase from 30% to 20%, and upon BOS approval, (2) authorizes Port staff to amend the Parcel A Lease and other necessary transaction documents to reflect the changes outlined above. Port staff request approval of this resolution.

The following topics are addressed in this memorandum:

- I. Strategic Objectives
- II. Mission Rock Project Background and Update
- III. Residential Leasing and Challenges
- IV. Relevant Mission Transaction Documents that Require Changes
- V. Staff Analysis and Recommendation
- VI. Potential Approval Actions and Next Steps

## **I. Strategic Objectives**

The Mission Rock Project supports the Port's Strategic Plan including the following goals:

- **Productivity.** The redevelopment of a surface parking lot into a new Mission Rock neighborhood supports the goal of enhancing the economic vitality of the Port.
- **Resilience.** The Mission Rock project is elevating the site to prepare for anticipated future sea level rise and related flood levels and provide special tax sources for waterfront resilience projects across the entire Port.
- **Sustainability.** The on-site Blackwater Recycling System will treat wastewater for additional non-potable use within Mission Rock, reducing the Project's overall potable water usage by 13.9 million gallons annually.
- **Engagement.** Port staff and the Mission Rock project team provide regular updates on the Project to the Port's advisory groups.
- **Evolution.** The construction of market-rate and below-market-rate housing and the development of expanded and new public open spaces at Mission Rock are measures of the Port's awareness of and responsiveness to public and Port needs.

## **II. Mission Rock Project Background**

The entitled Mission Rock project, upon completion of all phases, anticipates approximately 1,100 units of rental housing, 1.4 million square feet of new commercial and office space, the rehabilitation of historic Pier 48, as well as space for small-scale manufacturing, retail, neighborhood services, waterfront parks, and public infrastructure. The mixed-use Project is located on approximately 28 acres, including SWL 337 and Pier 48.

Approved in 2018, the Project reflects fourteen years of effort, led by the Port Commission, Port and City staff, and Mission Rock Partners, a partnership between the San Francisco Giants and Tishman Speyer.

Phase 1 currently includes the following program elements:

- 537 residential apartment units, currently including 161 BMR units
- 550,000 gross square feet of office space
- 52,000 gross square feet of retail space

- District Energy System (heating and cooling) located in Parcel A which will serve all of Mission Rock
- District-scale non-potable water recycling plant located in Parcel B, which will serve all of Mission Rock's indoor and outdoor non-potable water needs

Key public benefits include affordable housing, parks and open space, implementation of sustainability strategy goals, and achievement of workforce and local hire requirements and goals agreed upon in the Project's DDA and Development Agreement (DA).

### III. Residential Leasing Challenges

The leasing program at Mission Rock commenced in June of 2023 when Parcel A received a Temporary Certificate of Occupancy ("TCO"). Table 1 below shows the initially approved Phase 1 BMR mix by eligible household income.

**Table 1**

<b>Initial Phase 1 Submittal Housing Table 2022</b>						
<b>AMI Level</b>	<b>Parcel A</b>		<b>Parcel F</b>		<b>Total</b>	<b>%</b>
90%	10	4%	13	8%	23	4%
120%	54	19%	55	22%	109	20%
150%	38	13%	29	11%	67	12%
	102	36%	97	41%	199	37%
Market Rate	181	64%	157		338	63%
<b>Total</b>	<b>283</b>		<b>254</b>		<b>537</b>	

In April 2024, after 10 months of marketing Parcel A, an analysis of the leasing and application data along with slow BMR leasing results indicated that the approved BMR unit mix did not match the actual demand for various AMI level units. Given this mismatch and concerns about the prospect of not leasing up BMR units at the then nearly complete Parcel F, the Developer requested, and the Port Commission approved, a revision to the BMR housing mix for Parcel F. The revised unit mix increased the number of 90% AMI units and market rate units while decreasing the number of 150% AMI units. Table 2 below summarizes the initially approved BMR mix for Parcel F.

**Table 2**

<b>Parcel F Housing Table 2022</b>						
<b>Unit Type</b>	<b>Studio</b>	<b>1 Bed</b>	<b>2 Bed</b>	<b>3 Bed</b>	<b>Total</b>	<b>% of Total</b>
90% AMI	2	5	5	1	13	5%
120% AMI	6	28	19	2	55	22%
150% AMI	1	16	12	0	29	11%
<b>Total BMR</b>	<b>9</b>	<b>49</b>	<b>36</b>	<b>3</b>	<b>97</b>	<b>38%</b>
Market rate	21	83	52	1	157	62%
<b>Total Units</b>	<b>30</b>	<b>132</b>	<b>88</b>	<b>4</b>	<b>254</b>	

Table 3 below shows: 1) the BMR mix as adjusted by Port Commission approval in 2024, and 2) a summary showing the leasing status of Verde as of the time of this memorandum.

**Table 3**

<b>Parcel F BMR Units Approved 2024</b>					
<b>Unit Type</b>	<b>90% AMI Units</b>	<b>120% AMI units</b>	<b>150% AMI Units</b>	<b>Total</b>	<b>% of Total BMR</b>
0	3	0	0	3	5%
1	18	0	0	18	31%
2	13	22	0	35	59%
3	1	2	0	3	5%
<b>Total BMR</b>	<b>35</b>	<b>24</b>	<b>0</b>	<b>59</b>	

<b>Parcel F BMR Units - LEASED</b>					
<b>Unit Type</b>	<b>90% AMI Units</b>	<b>120% AMI units</b>	<b>150% AMI Units</b>	<b>Total</b>	<b>% of Total BMR</b>
0	2	0	0	2	3%
1	11	0	0	11	19%
2	13	7	0	20	34%
3	1	2	0	3	5%
<b>% BMR</b>	<b>77%</b>	<b>38%</b>		<b>61%</b>	

As shown in these tables, BMR leasing for the 90% AMI units at Verde has been successful with 77% of those units currently leased. As of February 2025, seven months into lease-up, Verde has leased 36 of the 59 BMR units (61%), outpacing market rate leasing of 98 of the 195 market-rate units (50%). This suggests that the modification approved by Port Commission last year accomplished the goal of accelerating BMR leasing and increasing occupancy of the BMR units.

### ***Proposed Modifications to Parcel A Housing Plan***

The BMR units at Parcel A and Parcel F have the same high-quality finishes and appliances as the market-rate units, residents enjoy the same amenity spaces and services, and BMR units are leased through the same process governed by MOHCD. Parcel A includes a total of 283 units, of which 102 or 37% are BMR units. A review of the data and leasing efforts over 20 months indicates a significantly higher proportion of applicants at 90% or lower AMI. As a result, all the 90% AMI units have successfully been leased and there is a waiting list of 29 applicants for those units should one become available. The current leasing results of BMR units at Parcel A are summarized below in Table 4:

**Table 4**

<b>Parcel A BMR Units</b>					
<b>Unit Type</b>	<b>90% AMI Units</b>	<b>120% AMI units</b>	<b>150% AMI Units</b>	<b>Total</b>	<b>% of Total BMR</b>
0	1	5	2	8	8%
1	7	31	20	58	57%
2	2	17	12	31	30%
3	0	1	4	5	5%
<b>Total BMR</b>	<b>10</b>	<b>54</b>	<b>38</b>	<b>102</b>	

<b>Parcel A BMR Units - LEASED</b>					
<b>Unit Type</b>	<b>90% AMI Units</b>	<b>120% AMI units</b>	<b>150% AMI Units</b>	<b>Total</b>	<b>% of Total BMR</b>
0	1	5	2	8	8%
1	7	24	3	34	33%
2	2	14	6	22	22%
3	0	1	4	5	5%
Total	10	44	15	69	
<b>% BMR</b>	<b>100%</b>	<b>81%</b>	<b>39%</b>	<b>68%</b>	

As of the date of this report, 69 of the 102 BMR units (68%) in Parcel A have been leased, including all of the 90% AMI units, which is higher than the 81% of 120% AMI units and only 39% of the 150% AMI units leased in the same period.

With respect to the market-rate units, the leasing activity has met or exceeded Developer's expectations. However, the combination of the slow lease-up of higher AMI BMR units at Parcel A and the relative success of leasing of lower-AMI levels at Parcel A and Parcel F has prompted the Developer to propose modifications to the Phase 1 Phase Submittal and Parcel A BMR mix to more closely match the changes that were approved last year at Parcel F and to meet the actual demand for BMR units.

#### **IV. Relevant Mission Rock Transaction Documents that Require Changes**

##### Housing Plan

The Housing Plan is Exhibit B5 to the DDA and describes the following measures to ensure that at least 40% of all residential units in the completed Project (across all Phases) are inclusionary BMR units for low- and moderate-income households (between 45% to 150% of Area Median Income):

- Developers of the commercial vertical projects pay a Mission Rock Jobs/Housing Equivalency Fee (“JHEF”), similar to the City's jobs/housing linkage program, to support the development of the BMR units at the Project Site.
- BMR units will be delivered in each phase and within each residential parcel creating a true mixed-income community.
- The specific number and location of the BMR units in each vertical residential parcel are determined through a collaborative process between the vertical developer, the Port, and MOHCD.
- The number, location, AMI level, and bedroom count of the BMR units are documented in the Parcel Lease and the accompanying Vertical Disposition and Development Agreement (“VDDA”) for each residential parcel. The parcel lease and VDDA include provisions that provide flexibility in terms of future changes to the inclusionary housing plan, in consultation with MOHCD and subject to Port approval.
- The Housing Plan requires the number of BMR units to be a minimum of 30% of total residential units in each Phase of the Project, and 40% for the Project upon full buildout of all Project phases.

The developer’s proposed changes would require a change to the last item, modifying the requirement for BMR units as a percentage of all residential units delivered in a single phase to be changed from 30% to 20%.

#### Phase Submittal

To efficiently guide development, the DDA includes a detailed process for approving each phase of the project. This includes a requirement for the Developer to provide the Port with a Phase Submittal, a comprehensive overview of the design, and the expected cost for a phase. The Phase Submittal is reviewed by the Port, City Planning, and MOHCD to confirm the submittal is complete and complies with the DDA including a general plan to comply with the Housing Plan for the proposed residential parcels in that phase. Upon execution of the Parcel Leases, the vertical Developers proposed a BMR mix, which was adjusted in 2022 after the buildings’ design was finalized. The following Table 5 outlines the approved Phase 1 Submittal Housing Unit Mix as amended in 2024.

**Table 5**

<b>Phase 1 Submittal Housing Table Approved 2024</b>						
<b>AMI Level</b>	<b>Parcel A</b>		<b>Parcel F</b>		<b>Total</b>	<b>%</b>
90%	10	4%	35	14%	45	8%
120%	54	19%	24	9%	78	15%
150%	38	13%	0	0%	38	7%
	102	36%	59	23%	161	30%
Market Rate	181	64%	195	77%	376	70%
<b>Total</b>	<b>283</b>		<b>254</b>		<b>537</b>	

## Parcel Lease

The BMR units as a percentage of the residential units in the building is documented in the Parcel A lease; household income eligibility (AMI), unit mix and location are included as an exhibit to the Parcel A Lease (the Declaration of Restrictions, "DOR"). The unit mix shown in this exhibit is consistent with the unit numbers previously discussed in Section II and shown in Table 5 above.

## Declaration of Restrictions

The BMR unit obligation is detailed in a DOR recorded on September 8, 2022 against Parcel A to identify the BMR units in perpetuity.

## **V. Staff Analysis and Recommendation**

The proposed modification at Parcel A would:

- 1) Convert any unleased BMR units to either a 90% AMI BMR unit or a market rate unit; and
- 2) Convert all 150% AMI BMR units as follows:
  - a. 2-bedroom and 3-bedroom units to be converted to 120% AMI BMR units, and
  - b. Studio and 1-bedroom units to be converted to 90% AMI BMR units.Tenants with leases for these units would remain in place and rents would be reduced to match the lower AMI levels. Upon tenant turnover, the new household income eligibility requirement would apply.

Table 6 below summarizes the proposed changes.

**Table 6**

<b>Proposed Parcel A BMR Units (2025)</b>						
<b>Unit Type</b>	<b>90% AMI Units</b>	<b>120% AMI units</b>	<b>150% AMI Units</b>	<b>Total</b>	<b>Market Rate Units</b>	<b>Total</b>
0	3	5	0	8	9	17
1	13	24	0	37	118	155
2	3	20	0	23	70	93
3	0	5	0	5	13	18
<b>Total BMR</b>	<b>19</b>	<b>54</b>	<b>0</b>	<b>73</b>	<b>210</b>	<b>283</b>
<b>%</b>	<b>7%</b>	<b>19%</b>	<b>0%</b>	<b>26%</b>	<b>74%</b>	

If this change is approved, the following Table 7 shows the overall change in the number of BMR units across Phase 1 from what was originally proposed:



**Table 7**

<b>Phase 1 Housing Data Table 2024</b>						
<b>Parcel</b>	<b>Total</b>	<b>BMR Units</b>	<b>90% AMI</b>	<b>120% AMI</b>	<b>150% AMI</b>	<b>% of Total</b>
Parcel A	283	102	10	54	38	36%
Parcel F	254	59	35	24	0	23%
Total Phase 1	537	161	45	78	38	30%

<b>Phase 1 Housing Data Table Proposed 2025</b>						
<b>Parcel</b>	<b>Total</b>	<b>BMR Units</b>	<b>90% AMI</b>	<b>120% AMI</b>	<b>150% AMI</b>	<b>% of Total</b>
Parcel A	283	73	19	54	0	26%
Parcel F	254	59	35	24	0	23%
Total Phase 1	537	132	54	78	0	25%

As discussed, the revisions to the BMR units at Parcel A are proposed in consultation with and support from MOHCD and Port Staff, and the analysis has considered several constraints and key provisions of the transaction documents. Important considerations include:

1. Pursuant to the DDA and Housing Plan, the Developer has discretion to determine the exact number of inclusionary units to be developed on each residential parcel, as well as the affordability level of each unit, provided the cumulative number of all inclusionary units in any Phase Submittal shall be no less than 30% of all residential units. The proposed change to the BMR mix would reduce the BMR units in Phase 1 to below the 30% threshold to 25%. The proposed changes would also allow an increase in the number of market-rate units, which the Developer asserts may offset the decreased rental revenue resulting from the addition of units that will be leased at lower AMI levels. Developer proposes the changes to preserve cash flow and achieve returns required by the Developer's capital partners.
2. The Housing Plan requires the number of inclusionary units in each vertical parcel to be between 20% and 60% of the total on any given parcel. The proposed modification does not violate this requirement; if approved 26% of Parcel A units and 23% of Parcel F units will be restricted as BMR units.
3. The Housing Plan requires that affordability levels shall be appropriately distributed throughout the Project Site and Inclusionary Units consisting of Forty-Five percent (45%) and Fifty-Five percent (55%) AMI shall not be grouped or constructed in only

the later phases of the Project, unless approved by Port, in consultation with MOHCD. As previously approved, the first phase will not include 45% or 55% AMI units. As proposed, the first phase will include 90% and 120% AMI units, which is consistent with the Phase Submittal previously approved by the Port in consultation with MOHCD.

4. The proposed unit mix increases the number of 90% AMI units at Parcel A from 10 to 19 to respond to the high demand in that category. Further, the proposed unit mix adjusts the location and bedroom configuration of certain 120% AMI units and eliminates all 150% AMI units. While results in zero 150% AMI units in Parcel A, the Developer, Port Staff and MOHCD support the new BMR unit proposal. If approved, a total of four 90% AMI units will be vacant and available to lease at the time of this memorandum.
5. The Housing Plan provides at least 40% of all residential units in the completed Project (across all Phases) will be inclusionary BMR units for low- and moderate-income households (between 45% to 150% of Area Median Income). These changes will require that later phases of the Project may require higher percentages of BMR units to meet the 40% overall target. The Developer, Port, and MOHCD are currently reviewing the overall Project and anticipate returning to the Port Commission with additional changes to the overall Project, potentially including further changes to the Housing Plan, with the goal of improving the feasibility of future Phases of Mission Rock and accelerating development.

## **VI. Potential Approval Actions and Next Steps**

In summary, the proposed modification of the BMR unit mix is based on a careful analysis of the application and leasing trends at Parcel F to better align Parcel A's unit mix with demonstrated demand for a deeper level of affordability than was initially approved in 2022.

The proposal to revise the total number, unit types, and household affordability levels of the BMR units in Parcel A requires the approval of the Port Commission, in consultation with MOHCD, and approval by the Board of Supervisors. The DDA and Housing Plan identify MOHCD as the City's principal regulatory agency with respect to the Housing Plan.

Accordingly, the Port Commission must determine whether to approve the Developer's proposed revisions and to recommend approval by the Board of Supervisors. As discussed throughout this report, Port staff recommend approval of the attached Resolution with the goal of providing additional units at deeper affordability levels and accelerating BMR leasing at the Mission Rock Project. Upon approval of the Resolution, Port staff will bring the item to the Board of Supervisors for their approval of the requested changes.

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For: Scott Landsittel  
Deputy Director  
Real Estate and Development

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 25-17**

WHEREAS, In January 2018, by Resolution No. 18-03, the Port Commission approved the terms of a Disposition and Development Agreement (“DDA”) between the Port and the Seawall Lot 337 Associates, LLC, a Delaware limited liability company (“Developer”), and related transaction documents that are incorporated into the DDA, including forms of Parcel Lease and Vertical Disposition and Development Agreement (“VDDA”), for the development of approximately 28-acres located along the Port’s Central Waterfront and commonly referred to as “Mission Rock” (the “Project”), comprised of (1) Seawall Lot 337, bounded by Third Street on the west, Mission Rock Street on the south, Pier 48 to the east, and China Basin Park on the north; (2) Pier 48; (3) China Basin Park; (4) the marginal wharf between Pier 48 and Pier 50; and (5) Parcel P20 (collectively, the “Site”); Capitalized terms not otherwise defined herein shall have the meaning set forth in the Appendix to the DDA; and

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

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

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

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

WHEREAS, In January 2024 Port staff accepted a revised Phase 1 Phase Submittal that would modify the number of and eligibility for the BMR units in an adjacent residential parcel in the Project (Parcel F), based on the marketing and lease-up experience in Parcel A, which activities commenced in June 2023 and generally resulted in successful leasing of

BMR units dedicated to lower-income households and less success for middle-income BMR units, as described in a memorandum to the Port Commission dated April 5, 2024; and

WHEREAS, On April 9, 2024, the Port Commission adopted Resolution 24-21 authorizing the execution of amendments to the Parcel F VDDA, Parcel F Lease, and other related documents to implement the changes to the BMR units in Parcel F in accordance with the January 2024 Phase 1 Phase Submittal; and

WHEREAS, The leasing trends for Parcel A BMR units remain consistent: lower-income BMR units are leased while some moderate-income units remain vacant for lack of demand, as described in the memorandum accompanying this resolution; and

WHEREAS, In February 2025, the Developer submitted to Port another revised Phase 1 Phase Submittal that would modify the number of and eligibility for the BMR units in Parcel A, similar to the changes to BMR units in Parcel F that were approved in 2024, which would reduce the number of BMR units, increase the number of market-rate units, and increase the number of BMR units available to households with lower incomes as described below; and

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

WHEREAS, Some 120%- and 150%-AMI BMR units are occupied by income-eligible households that Developer proposes to further lower the AMI eligibility for some occupied units and commits that, upon approval: (1) current tenant households will be allowed to remain in the BMR units notwithstanding new income-eligibility requirements, (2) those tenants will receive reduced rents based on the lowered AMI eligibility restrictions, and (3) only upon vacancy will the lower household income eligibility take effect; and

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

WHEREAS, The changes to the Parcel A BMR unit count and income eligibility in the February 2025 Phase 1 Phase Submittal, in conjunction with the Parcel F BMR program approved in April 2024 would result in 132 of 537 units

restricted as BMR units (i.e., 24.6% of all Phase 1 residential units as BMR); and

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

WHEREAS, Port staff have consulted with the Mayor's Office of Housing and Community Development ("MOHCD") to review the February 2025 Phase 1 Phase Submittal and proposal for BMR units in Parcel A, as described above and detailed in the memorandum attached to this resolution; and

WHEREAS, Port staff, in consultation with MOHCD, concluded that the February 2025 Phase 1 Phase Submittal is complete and would comply with the DDA but for the obligation in the Housing Plan to restrict no less than 30% of Phase 1 residential units as BMR units; and

WHEREAS, Port staff, in consultation with MOHCD, accept the February 2025 Phase 1 Phase Submittal and its proposed changed to BMR units in Parcel A, subject to approval by the Port Commission, MOHCD, and the Board of Supervisors of an amendment to the Housing Plan that reduces the per-Phase BMR unit obligation from 30% to 20% of all residential units in each Project Phase (the "Housing Plan Amendment"); and

WHEREAS, Subject to approval of the Housing Plan Amendment, implementing the changes to the BMR units in Parcel A will require amending the Parcel A Lease, and other ancillary documents; and

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

WHEREAS, The Port concludes that the Housing Plan Amendment, and amending the Parcel A Lease and ancillary documents to reflect the February 2025 Phase 1 Phase Submittal as detailed in the memorandum accompanying this resolution is reasonable and in the best interest of the Project; now, therefore be it

RESOLVED, The Port Commission approves of the Housing Plan amendment to reduce the minimum percentage of BMR units restricted per Phase of the Project from 30% to 20%; and be it further

RESOLVED, That the Port Commission recommends that the Board of Supervisors approve the Housing Plan Amendment; and be it further

RESOLVED, Upon final approval of the Housing Plan Amendment, the Port Commission authorizes the Executive Director, or the Executive Director's designee, to execute amendments to the Parcel A Lease, and any and all other documents reasonably necessary to reflect the February 2025 Phase 1 Phase Submittal and its modifications to the number and income-eligibility levels of the BMR units in Parcel A as described in this resolution and detailed in the memorandum accompanying this resolution, including but not limited to declarations of special restrictions and memorandum of amendment to the parcel lease, and to record such documents as may be necessary; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director of the Port, or the Executive Director's designee, to enter into any further amendments or modifications to the Parcel A Lease, and any ancillary documents related to Parcel A to implement the purpose and intent of this resolution that the Executive Director determines, in consultation with the City Attorney, are in the best interests of the Port, do not materially decrease the benefits to or materially increase the obligations or liabilities of the Port, and are in compliance with all applicable laws.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 11, 2025.***

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Secretary