



Edwin M. Lee, Mayor
Philip A. Ginsburg, General Manager

Date: June 19, 2014

To: Recreation and Park Commission

Through: Philip A. Ginsburg, General Manager
Dawn Kamalanathan, Director of Capital & Planning

From: Holly Pearson, Planner, Capital & Planning Division

Subject: 900 Innes Avenue – Purchase by the City

Agenda Wording

900 Innes Avenue – Purchase by the City for Possible Future Park Development. Discussion and possible action to adopt a resolution urging the Board of Supervisors to purchase the real property located at 900 Innes Avenue (Blocks/Lots: 4646/001; 4646/002; 4646/003; 4646/003A; 4646/019; 4629A/010; 4630/002) for a fair market value purchase price of \$2,975,000, for possible full or partial development as a park, pending environmental review, and supporting the use of Open Space Acquisition Funds to repay some or all of any short term debt used for the purchase of the property to the extent that full or partial development of a park is deemed feasible after environmental review.

Background

The site known as 900 Innes Avenue consists of a group of parcels located on the waterfront in the India Basin neighborhood in southeastern San Francisco. This property is located between two existing Recreation and Park Department (RPD)-owned parks, India Basin Shoreline Park and India Open Space. It is an industrial site that is currently used for construction equipment storage.

The 900 Innes Avenue site as it is listed on the RPD Acquisition Roster includes 11 parcels with three different owners. The site is bisected by two “paper streets” (public rights-of-way that are mapped but not improved as actual streets), owned by the City’s Department of Public Works. At the present time, the City is proposing to acquire seven of the parcels, which are owned by the Tenderloin Housing Clinic and have a total area of approximately 105,550 square feet, or 2.4 acres, including land and submerged areas (see map on page 2).

The 900 Innes property was historically an important site for boat building and repair, uses which continued on the site from the 1860s through the 1990s. In addition to its waterfront location and



beautiful views of the bay, the site contains a small, vacant, historic single-family residence, the Shipwright’s Cottage (San Francisco Landmark No. 250, designated in 2008). This was the first dwelling erected by shipwrights in the neighborhood, initiating the development of the boat-building community in India Basin that crafted many of San Francisco’s historically significant ships, in particular “scow schooners.”



900 Innes Avenue has been listed on RPD’s Acquisition Roster since the late 1990s. RPD staff, as well as residents of the India Basin neighborhood, have been very interested in acquiring the property for public open space for the past several years. The Tenderloin Housing Clinic listed the property for sale in January 2013, and since that time RPD has been actively working to acquire the site.

Photos of the 900 Innes site are included in Attachment A.

Future Open Space Expansion in India Basin: Vision and Planning Process

The City’s proposed acquisition of the 900 Innes property is a vital step in a larger effort – the immense opportunity for a significant expansion and revitalization of the existing open space on the India Basin waterfront. The City’s purchase of 900 Innes Avenue also provides the opportunity to complete a vital link in the Blue Greenway. A project of the San Francisco Parks Alliance, the Blue Greenway is a long-term vision to create a series of connected parks and trails along a 13-mile

corridor of San Francisco's eastern waterfront. For the past several months RPD has been partnering with the Parks Alliance to coordinate the 900 Innes acquisition and planning process with the Blue Greenway program, as well as working with the Trust for Public Land (TPL) to develop the terms for a collaborative effort related to planning, design, and community outreach for the 900 Innes site.

In addition to the work to acquire the 900 Innes Avenue parcels owned by Tenderloin Housing Clinic, in April 2013 RPD staff became aware of a potential opportunity to create additional new park land in India Basin when a large property immediately to the southeast of 900 Innes, known as 700 Innes Avenue/800 Hudson Avenue, was listed for sale (see map, Attachment B). At that time, the owner of 700 Innes/800 Hudson was going through bankruptcy proceedings, and staff from RPD and TPL began exploring the possibility of acquiring the property for future public open space. The property was eventually purchased out of bankruptcy by a private land developer, Build Inc., who is interested in pursuing a partnership with the RPD through which a portion of the 700 Innes/800 Hudson site would become public open space, and a portion would be developed as mixed use residential/commercial.

In the months following completion of the 900 Innes acquisition, RPD, Parks Alliance, TPL, and Build, Inc. will work together on a comprehensive planning and public engagement process to plan for the proposed future park expansion in India Basin, including 900 Innes and potentially a portion of 700 Innes/800 Hudson. The California Coastal Conservancy has awarded a Priority Conservation Area grant in the amount of \$500,000 to RPD, which will fund park planning and design, community outreach, and various technical studies. This process will result in an overall vision and a conceptual design for the future open space expansion in India Basin, including bike and pedestrian paths that would connect an existing gap in the San Francisco Bay Trail.

Acquisition Policy Analysis

RPD has an official Acquisition Policy, which provides direction on how to identify, evaluate, and acquire real property for the Recreation and Park Department using Open Space Acquisition funds. The Acquisition Policy defines three distinct policy goals:

1. Acquire properties that are found within or serve a High Needs Area¹ and/or an open space deficient area
2. Acquire properties that have identified funding for the purchase, development, and maintenance of the property
3. Acquire properties that encourage a variety of recreational and open space uses.

The 900 Innes property falls within the "Middle Need" range as defined by the Recreation and Open Space Element (see map, Attachment C). It is located in close proximity to, and could potentially serve, areas that are designated as High Needs, such as the Bayview-Hunters Point neighborhood. The site is not located within an area that is deficient in open space (nearby parks include India Basin Shoreline Park, India Basin Open Space, Hilltop Park, Adam Rogers Park, and Heron's Head Park).

¹The Recreation and Open Space Element of the San Francisco General Plan defines "High Needs Areas" as those areas of the city that have (a) high population density, (b) a high percentage of children and/or seniors, (c) a high percentage of low-income households, (d) low access to open space, and (e) areas with high growth projections between 2014 and 2040.

Although funding has not yet been identified for the development or maintenance of the site, RPD staff has been investigating potential grant opportunities that could help fund construction of the park. Another potential revenue source for capital improvements to the property is the next General Obligation Bond for parks, anticipated for 2018 or 2020. The partnerships with Build Inc, Trust for Public Land, and San Francisco Parks Alliance may also be beneficial in helping to identify sources of philanthropic or other private funding for park development.

The 900 Innes site has the potential to accommodate both passive recreation (such as seating, sunbathing and picnicking) and active recreation (such as walking, bicycling, and sports courts). It provides a number of special attributes, most notably its waterfront location, access to the water, and scenic views of the San Francisco Bay. The site has the potential for boating, kayaking, and other water-based recreational activities. It also offers opportunities for the protection and enjoyment of natural resources—potentially the restoration of a natural shoreline ecosystem, tidal wetlands, and upland habitat, along with related recreational activities such as birdwatching.

Purchase by City's Real Estate Division

RPD proposes to move forward with the acquisition of the 900 Innes Avenue property by having the City's Real Estate Division purchase the property using short-term debt (Commercial Paper Certificates of Participation) and hold it for an initial period of 12 months (with an option to extend, subject to agreement by both parties). At the end of this time, if development of a park on all or any part of the site appears feasible and desirable, RPD would acquire the property from the Real Estate Division through jurisdictional transfer. The details of this agreement will be set forth in an MOU between RPD and the Real Estate Division, which will be brought to the Commission for approval in July, prior to Board of Supervisors' action on the proposed purchase of the property.

This arrangement allows RPD the flexibility over the next year to seek partners to help develop the future park. Build Inc. has expressed a preliminary interest in either purchasing a portion of the 900 Innes property, or exchanging some portion of it for a portion of the 700 Innes/800 Hudson property, in order to optimize the amount, configuration, and continuity of public open space along the India Basin waterfront. RPD, the Real Estate Division, and TPL will work with Build Inc. to further investigate these options in the months following the purchase of 900 Innes.

Another advantage of this arrangement is that it would give RPD the opportunity to complete the planning and design process, develop a complete vision and concept plan, and develop a plan to fund the development and maintenance of the park, prior to taking ownership of the property.

Purchase Price, Funding Source, and Environmental Remediation

The purchase price for the property is \$2,975,000. This represents a reduction from the full appraised property value, in consideration of the need for environmental remediation. At such time as some or all of the property is transferred to RPD's jurisdiction, the purchase price of \$2,975,000 plus 2.5% interest, minus the amount of the sale price of any portion of the property that may be sold or conveyed prior to the jurisdictional transfer, will be paid from the Open Space Acquisition Fund.

As of June 2014, the Acquisition Fund balance is \$9.1 million, and the annual set-aside for acquisition of new open space currently generates approximately \$2.1 to \$2.2 million per year (see

Attachment D for an analysis of estimated deposits to and expenditures from the Open Space Acquisition Fund between Fiscal Years 2014-15 to 2030-31).

The City will be responsible for remediation of the 900 Innes property. A Phase I/II Environmental Site Assessment report has been prepared for the site, which presents various alternatives for cleaning up the property. The cost estimates that are associated with the various cleanup alternatives vary greatly, depending on the depth of excavation of soil, whether the soils throughout the entire site are excavated and replaced with clean fill or only the unpaved areas of the site, etc. The cost estimates range from \$496,000 to \$2.8 million. RPD staff is currently working with the City's Department of the Environment and the US Environmental Protection Agency (EPA) to commission further soil sampling and site assessment in order to more accurately determine the extent of remediation required and develop a more specific cost estimate.

At the time of any future jurisdictional transfer, RPD may arrange for a credit from the Open Space Acquisition Fund, equal to the difference between the full appraised value of the property and the net price that is paid for the property, to pay for site remediation. In addition, RPD will be eligible to apply for up to \$600,000 in brownfields remediation funding from the US EPA for the 900 Innes property.

Environmental Review

The San Francisco Planning Department has determined that, per CEQA Guidelines Section 15060(c)(2), the proposed acquisition of the property at 900 Innes Avenue is not considered a project as defined by CEQA, since it is an activity that "will not result in a direct or reasonably foreseeable indirect physical change on the environment." At such time that improvements for the site are proposed, these improvements will be subject to separate environmental review pursuant to CEQA.

Staff Recommendation

Staff recommends that the Commission adopt a resolution to adopt a resolution urging the Board of Supervisors to purchase the real property located at 900 Innes Avenue (Blocks/Lots: 4646/001; 4646/002; 4646/003; 4646/003A; 4646/019; 4629A/010; 4630/002) for a fair market value purchase price of \$2,975,000, for possible full or partial development as a park, pending environmental review, and supporting the use of Open Space Acquisition Funds to repay some or all of any short term debt used for the purchase of the property to the extent that full or partial development of a park is deemed feasible after environmental review.

Supported By:

India Basin Neighborhood Association
Park, Recreation and Open Space Advisory Committee
San Francisco Parks Alliance
Supervisor Malia Cohen
Trust for Public Land

Opposed By:

None known

Attachments:

- A. 900 Innes Avenue Site Photos
- B. India Basin Proposed Open Space Expansion Map
- C. 900 Innes Avenue – High Needs Map
- D. Open Space Acquisition Fund Analysis
- E. Resolution