Pier 70, Waterfront Site  San Francisco, California

Pier 70 has played a historic role in Western US industrialization by providing 150-years of continuous operations in ship building and repair. Pier 70, also known as the Union Iron Works, is on the National Register of US Historic Places. Today, the buildings immediately surrounding the BAE Systems shipyard are dilapidated, unsafe, and not accessible to the public. The Waterfront Site at Pier 70 has spent decades on the list waiting to be redeveloped – finally its time has come!

**Location:**
South of Mission Bay along the waterfront between Mariposa and 22nd Street
San Francisco, CA

**Size:** Pier 70 covers a total of 67 acres.
Waterfront Site is 28-acres

**Value-Added Proposition:**
Revitalize dilapidated historic buildings to provide housing, retail, and work space for the surrounding community

**Developer:** Forest City Realty Trust, Inc.¹

On the Waterfront

San Francisco Bay is renowned for its maritime recreational and commercial facilities. It is a defining feature of the Bay Area character – the sailing, the shipping, the summer fog. Many activities take place daily along the waterfront – a run along Chrissy Field, attending a conference at Fort Mason, seeing the sea lions at Pier 39, visiting Alcatraz, eating at the Ferry Building, commuting via ferry to other cities on the Bay, and catching a Giants game at AT&T stadium.

Over the last twenty years, redevelopment has given new life to the waterfront. But, despite the huge success of projects like the Embarcadero and the Ballpark, it is still a challenge to get approval for development. San Francisco is a city renowned for its activism – many voices with strong and varied opinions make themselves heard anytime new projects are considered.

¹ Developer’s rendering of proposed changes to waterfront at Pier 70.
² Demarcation of Pier 70 and the Waterfront Site relative to the whole area.
Case Study

Need for Housing in San Francisco

San Francisco is a city of 47 square miles surrounded on three sides by water, with growth further constrained by natural land formations. The success of the tech industry just to the south in Silicon Valley has added pressure to develop additional housing. San Francisco’s population has increased by 9% since 2010. Rents have increased, but the housing supply has not. Plan Bay Area (a regional long-range land use, housing, and transportation plan) projects San Francisco’s population to grow by 280,000 from 2010 to 2040, demanding an additional 92,000 housing units.

Disused waterfront properties are attractive for redevelopment potentials. The Port of San Francisco manages 7.5 miles of waterfront property for the benefit of the public stretching from the Golden Gate Bridge, around North Beach and the Embarcadero, continuing south of the Bay Bridge along the peninsula. The Port of SF’s own Strategic Plan 2016-2021 wants to promote a waterfront that is liveable where it “meets or exceeds mandates for affordable housing.” Pier 70 on the SF’s eastern waterfront is a 67-acre site that includes a working ship repair operation, 2 areas planned for redevelopment - a 28-acre “Waterfront site” and a 5-acre “Historic core” - and further space for public parks.

Because it’s on the National Register of Historic Places, any redevelopment of Pier 70 will need to preserve the defining features of the ship repair and preserve the existing buildings representing general trends in industrial architecture from 1884 to 1945 with a variety of materials, styles, rooflines, and window types.

San Francisco faces increasing controversy concerning waterfront development. In June 2014, the City of San Francisco passed Proposition B with a 58% vote, a measure that required citywide voter approval for any future construction projects along the San Francisco waterfront that exceeded existing height limits over 40ft. There is a general concern that locals will be priced-out or walled-out of the waterfront.

Community Leader REIT

Forest City Realty Trust is a diversified REIT that has ownership interest in over 150 properties across the US, with a portfolio comprised of 54% office, 38% apartment, and 8% retail. The core of Forest City’s business is ‘focused placemaking’, where they actively engage with the local community to design a mix of residences, workspaces, and retail spaces into livable and walkable communities. The REIT integrates environmental, social and governance issues into its design standards for new construction and actively pursues social inclusion.

Forest City won the bid to redevelop the 28-acre Waterfront Site at Pier 70 in 2011. Immediately, the company reached out to locals to identify their priorities. Forest City led an extensive stakeholder analysis to develop its plans; they held 30 events over 3 years, with over 10,000 people representing interests in south San Francisco including the surrounding neighborhoods of Dogpatch, Portero Hill, and Bayview. The findings were documented and fed back to the community with online tools and artist renderings – creating a feedback loop that the community correct mis-information or make further suggestion outside of the defined events.

During this process Forest City recognized that their community outreach efforts were drawing the ‘primarily white residents from Dogpatch, Potrero Hill, and Mission Bay, and not the largely middle-class African-American population from the Bayview neighborhood that is directly south of Dogpatch.’ Many Bayview residents work at the shipyard at Pier 70 but were not attending any of the planning meetings or events. To rectify this, Forest City and the Port reached out to Bayview community organizers to look for a solution. They discovered an opportunity to host the Bayview Pop-up Community Market, a local food and crafts market that was looking for a new temporary venue. Forest City worked with the market organizers to host the marketplace at Pier 70 every week for three months in 2014. This engagement helped to shape a better perspective of the needs of the surrounding community.

This proactive outreach helped Forest City earn the community’s trust. And it identified a local need that led to a major change in the original design. Based on the local’s feedback, Forest City added a housing component to the plan that wasn’t originally included, thereby reassuring the local community and government that the area would see gentrification without displacement. The amended plans detail 2,000 housing units, including 30 percent below market rate for low-and-middle income families. The new plans also included nine acres of parks for recreational and playground space. In another nod to
the specific needs of the immediate community, Forest City retained subsidized space for artists, culture, and local manufacturing to rehouse an existing artist community that was renting in the Noonan Building.\textsuperscript{12}

Pulling together revised plans, Forest City and the Port of San Francisco were required to have a citywide vote before the development was to go ahead. The City of San Francisco Pier 70 Redevelopment Initiative, Proposition F, also known as the Union Iron Works Historic District Housing, Waterfront Parks, Jobs and Preservation Initiative, the measure was placed on the November 4, 2014 election ballot for voters in the city of San Francisco, California. It was approved.

Summary

Forest City Realty Trust has only just started breaking ground at Pier 70 so it is far from a complete story. But the fact that they've won the contract, and won over the local community, is a success story in its own right. This success comes in no small part from Forest City's realization that people now want to live in tighter knit communities, near their workplaces, rather than in the disconnected suburban sprawl that has shaped the US commuter culture for nearly 70 years since WWII.

Despite the dire need for more housing in San Francisco, the original feasibility study for Pier 70 didn't even include residential units. Perhaps this was because the site had always been industrial; there is a power plant on the directly to the south, and the shipyard operates day and night. More likely, it was because the financials projected that residential rents were less valuable than commercial rents.\textsuperscript{13}

The San Francisco Housing Action Coalition (SFHAC), says it best “Pier 70 is an excellent location for new housing. The SFHAC has long advocated for new housing at Pier 70 to help improve our jobs-housing balance in the southeastern City. This area is a significant regional employment center, housing is needed in close proximity to the jobs that are being created. If properly designed, we do not believe housing will conflict with the existing industrial uses like ship repair.”\textsuperscript{14}

Forest City’s focus on place-making, and on community engagement, has led to a truly remarkable development; the spreadsheet has given way to what the city needs and wants. By considering non-financial criteria, the project won community approval, and has avoided at least one potentially large expense; this is the only recent development in San Francisco that’s been able to avoid litigation attempting to block it.

How do these initiatives correspond to the sustainability metrics of the Vert Global Sustainable Real Estate Strategy?

The investment strategy for the Vert Global Sustainable Real Estate Fund uses a rules-based approach to evaluate the sustainability of a publicly-traded REIT. Forest City’s development plan on Pier 70 Waterfront Site demonstrates the following characteristics that reflect our key performance indicators shown in the table below:

<table>
<thead>
<tr>
<th>Key Performance Indicator</th>
<th>Pier 70 Waterfront Site</th>
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</thead>
<tbody>
<tr>
<td>Stakeholder Engagement</td>
<td>Community engagement to shape the development plan for office, retail and affordable housing units.</td>
</tr>
<tr>
<td>Urbanism and Public Transportation</td>
<td>Promoting living wage jobs at Port businesses. Provide affordable housing in waterfront communities.</td>
</tr>
</tbody>
</table>
Notes and Sources:

1 Forest City Realty Trust is 0.73% of the Vert Global Sustainable Real Estate Fund (VGSRX) as of June 30, 2018.
3 Port of San Francisco. "Pier 70 Waterfront Site". Accessed at: https://sfport.com/pier-70-waterfront-site-0
10 Jill Zielger of Forest City Realty (January 24, 2018). "Integrating ESG into the Supply Chain." NAREIT ESG Forum Presentation.

The Vert Global Sustainable Real Estate Fund holds publicly traded REITs. The Fund does not hold any of the other companies or individual buildings discussed when describing Forest City Realty Trust’s area of business.

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