

RESOLUTION NO. 103-2007

Adopted September 18, 2007

**AUTHORIZING A GRANT AGREEMENT WITH BERRY STREET LLC,
A CALIFORNIA LIMITED LIABILITY COMPANY, IN AN AMOUNT NOT
TO EXCEED \$35,136,117 FOR THE DEVELOPMENT OF UP TO 131 UNITS
OF LOW- AND MODERATE-INCOME FIRST-TIME HOMEOWNERSHIP
HOUSING AT 330 BERRY STREET AND 335 BERRY STREET;
MISSION BAY NORTH REDEVELOPMENT PROJECT AREA**

BASIS FOR RESOLUTION

1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, section 33000 et seq., the "Law"), the Redevelopment Agency of the City and County of San Francisco (the "Agency") undertakes programs for the reconstruction of slums and blighted areas in the City and County of San Francisco (the "City").
2. In accordance with the Law, the City, acting through its Board of Supervisors, approved a Redevelopment Plan for the Mission Bay North Redevelopment Project Area by Ordinance No. 327-98 adopted on October 26, 1998. The Redevelopment Plan is referred to as the "Mission Bay North Redevelopment Plan." In cooperation with the City, the Agency is responsible for implementing the Mission Bay North Redevelopment Plan.
3. The Mission Bay North Redevelopment Plan provides for the redevelopment, construction and revitalization of the area generally bounded by the China Basin Channel and Townsend, Third and Seventh Streets and containing approximately 65 acres of land. The Mission Bay North Redevelopment Plan anticipates and describes a mixed-use development comprised of public open space, retail, commercial, entertainment uses, and parking and loading uses.
4. The Mission Bay North Owner Participation Agreement (the "OPA") between the Agency and FOCIL-MB, LLC (the "Master Developer") provides that the Master Developer will contribute land to the Agency, at no cost, for the development of affordable housing and the Agency will oversee the development of up to three hundred thirty-five (335) affordable housing units. Parcel 2 (330 Berry Street) of Block N4 and Parcel 2 (335 Berry Street) of Block N4a (the two lots known collectively together as the "Site") are part of this land contribution.
5. As a result of a Housing Development Request for Qualifications issued on January 27, 2005, for the development and marketing of up to 131 units of low- and moderate-income, for-sale housing at the Site, an interdisciplinary evaluation panel recommended and the Mission Bay North Citizens Advisory Committee supported the selection of BRIDGE Regional Partners, Inc., a California nonprofit public benefit corporation ("BRIDGE").

6. On July 19, 2005, by Resolution No. 113-2005, the Agency Commission authorized the Executive Director to enter into an Exclusive Negotiations Agreement (the "ENA") with BRIDGE for the development of the Site. On the same date, by Resolution No. 114-2005, the Agency Commission authorized the Executive Director to enter into a Predevelopment Loan Agreement in an amount not to exceed \$2,450,701.
7. On July 17, 2007, by Resolution No. 77-2007, the Agency Commission authorized a first amendment to the Predevelopment Loan Agreement to increase the loan amount by One Million Two Hundred Thirty Thousand Eight Hundred Thirty-Four Dollars (\$1,230,834) for an amount not to exceed Three Million Six Hundred Eighty-One Thousand Five Hundred Thirty-Five Dollars (\$3,681,535).
8. On September 18, 2007, by Resolution No. 102-2007, the Agency Commission authorized an Amendment and Restated Predevelopment Loan Agreement (the "Predevelopment Loan") to increase the loan by One Million Fifty-Six Thousand Sixty-Nine Dollars (\$1,056,069) for an amount not to exceed Four Million Seven Hundred Thirty-Seven Thousand Six Hundred Four Dollars (\$4,737,604).
9. On January 4, 2007, the State of California's Department of Housing and Community Development awarded Three Million Nine Hundred Thirty Thousand Dollars (\$3,930,000) through its Building Equity and Growth in Neighborhoods ("BEGIN") Program for mortgage assistance loans to first-time low- and moderate-income homebuyers purchasing units at the Site. Pursuant to the BEGIN contract, all funds shall be expended by June 30, 2009.
10. In addition to the Predevelopment Loan and the assistance from the BEGIN Program, BRIDGE has requested and Agency staff is recommending a Grant Agreement in an amount not to exceed Thirty-Five Million One Hundred Thirty-Six Thousand One Hundred Seventeen Dollars (\$35,136,117), a portion of which is subject to the Agency's successful issuance and sale of 2007-2008 Mission Bay North Tax Allocation Bonds ("2007 TABs"). The Grant Agreement will be executed by Berry Street LLC, a California limited liability company (the "Developer"), which is an affiliate of BRIDGE and was created to undertake development activities at the Site.
11. The Site will be transferred to the Developer pursuant to a Disposition and Development Agreement (the "DDA"), dated September 18, 2007 between the Agency and the Developer. Developer has agreed to construct and market for sale 131 units of affordable, family housing in accordance with the DDA and the Grant Agreement.

FINDINGS

1. The Agency and the Planning Department, together acting as co-lead agencies for conducting environmental review for the Mission Bay Redevelopment Project Areas, prepared and certified a Final Subsequent Environmental Impact Report ("FSEIR"). On September 17, 1998, the Agency Commission adopted Resolution

No. 182-98 which certified the FSEIR for the Project, and Resolution No. 183-98, which adopted environmental findings (and a statement of overriding considerations), pursuant to the California Environmental Quality Act ("CEQA") and State Guidelines in connection with the approval of the Mission Bay Redevelopment Plans. The San Francisco Planning Commission ("Planning Commission") certified the FSEIR by Resolution No. 14696 on the same date. On October 19, 1998, the Board of Supervisors adopted Motion No. 98-132 affirming certification of the FSEIR by the Planning Commission and the Agency, and Resolution No. 854-98 adopting environmental findings and a statement of overriding considerations.

2. On August 15, 2000, the Agency Commission adopted Resolution No. 148-2000, which found that the potential environmental impacts of Blocks N3, N3a, N4, and N4a were within the scope of impacts discussed in the FSEIR.
 - a. On August 1, 2006, the Agency Commission adopted Resolution No. 103-2006, finding that the proposed development of 330 Berry Street (Block N4/Parcel 2) and 335 Berry Street (Block N4a/Parcel 2) is an implementing action ("Implementing Action") within the scope of the Redevelopment Project analyzed in the FSEIR and requires no additional environmental review pursuant to State CEQA Guidelines Sections 15180, 15162 and 15163 for the following reasons:
 - b. The Implementing Action is within the scope of the Project analyzed in the FSEIR and no major revisions are required due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.
 - c. No substantial changes have occurred with respect to the circumstances under which the Project analyzed in the FSEIR was undertaken that would require major revisions to the FSEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FSEIR.
 - d. No new information of substantial importance to the Project analyzed in the FSEIR has become available which would indicate that (a) the Implementing Action will have significant effects not discussed in the FSEIR; (b) significant environmental effects will be substantially more severe; (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives which are considerably different from those in the FSEIR will substantially reduce one or more significant effects on the environment.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that:

- (1) It has reviewed and considered the FSEIR findings and statement of overriding considerations and hereby adopts the CEQA findings set forth in Resolution Nos. 182-98, 183-98, and 103-2006 incorporated herein and set forth above.
- (2) The Executive Director is authorized to enter into a Grant Agreement with Berry Street LLC, a California limited liability company, for an amount not to exceed \$35,136,117 to pay for construction expenses associated with the development of 131 units of affordable homeownership family housing, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:



for James B. Morales 9/13/07
Agency General Counsel