

RESOLUTION NO. 119-2007

Adopted October 16, 2007

AUTHORIZING THE EXECUTIVE DIRECTOR TO (A) APPROVE A STATEMENT OF ELIGIBILITY FOR THE RINCON ANNEX U.S. POST OFFICE BUILDING PURSUANT TO THE AGENCY'S POLICY ON THE TRANSFER OF DEVELOPMENT RIGHTS; (B) EXECUTE AN AGREEMENT WITH RINCON CENTER COMMERCIAL LLC; AND (C) EXECUTE AGREEMENTS FOR THE SALE OF AGENCY-OWNED CERTIFICATE FOR TRANSFERABLE DEVELOPMENT RIGHTS; RINCON POINT - SOUTH BEACH REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. By Resolution No. 118-2007, the Agency Commission approved revisions to the Policy on the Transfer of Development Rights from a Property Containing a Building Designated as a Landmark, Significant Building, or Contributory Building with an Underlying C-3 Zoning Designation Located in Certain Redevelopment Project Areas ("Revised TDR Policy"). Under the Revised TDR Policy, the Redevelopment Agency of the City and County of San Francisco ("Agency") may concur in the Zoning Administrator's Statement of Eligibility of Transfer of Development Rights for a site with a previously preserved historic building and no additional development potential under the redevelopment plan, but with unused Floor Area Ratio ("FAR") pursuant to the underlying Planning Code standards.
2. The Revised TDR Policy authorizes the Agency Commission to concur in a Statement of Eligibility of TDR if, among other things, it finds that the approval would "promote the preservation, enhancement or maintenance of other landmark, significant, or contributory buildings, as defined in Articles 10 and 11 of the Planning Code, that are either: a) owned by the Redevelopment Agency; or b) are in or near any project area under the jurisdiction of the Redevelopment Agency."
3. On October 10, 2007, the Zoning Administrator issued a Statement of Eligibility of TDR for the Rincon Annex U.S. Post Office Building ("Rincon Annex") that is located at 121 Spear Street in the Rincon Point - South Beach Redevelopment Project Area. In 1980, the City and County of San Francisco ("City") designated the Rincon Annex as a landmark building. Landmark No. 107, Appendix A to Article 10 of the Planning Code. The Statement of Eligibility, which becomes final on October 31, 2007 if no appeal is filed, determines that 489,452 square feet of TDR are available from the Rincon Annex site. A copy of the Statement of Eligibility of TDR for the Rincon Annex is attached as Exhibit A.

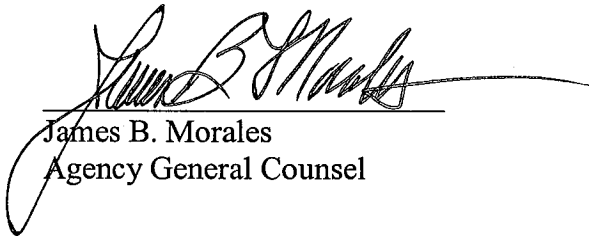
4. The owner of the Rincon Annex is Rincon Center Commercial LLC ("Owner"), an affiliate of Beacon Capital Partners. The Owner seeks the Agency's concurrence in the Statement of Eligibility of TDR for the Rincon Annex.
5. The Rincon Point - South Beach Redevelopment Plan and the Owner Participation Agreement approved by the Agency, per Resolution No. 238-1985, on August 25, 1985 required the rehabilitation, adaptive reuse, and preservation of the Rincon Annex.
6. To fulfill the Revised TDR Policy requirement that approval of the Statement of Eligibility creates benefits for historic properties owned by or in or near a project area under the jurisdiction of the Agency, the Owner has agreed to transfer to the Agency certificates for thirty-five percent (35%) of the total TDR square footage approved in the Statement of Eligibility of TDR for the Rincon Annex (171,308 square feet of the total amount of 489,452 square feet). The current market value of the TDR is approximately \$30 to \$35 per square foot or \$5 to \$6 million for the total TDR square footage to be transferred to the Agency.
7. To obtain the market value of the Rincon Annex TDR, the Agency will have to sell the TDR certificates. Staff proposes that this sale occur through a future public offering that ensures maximum public participation and the Agency's receipt of the fair market value of the TDR certificates.
8. After the Agency receives the proceeds from the sale of the TDR certificates, the Agency Commission will determine, at a public hearing, the use of the funds, which under the Revised TDR Policy must be dedicated to the preservation, enhancement or maintenance of landmark, significant, or contributory buildings, as defined in Articles 10 and 11 of the Planning Code, that are either: a) owned by the Agency; or b) are in or near any project area under the jurisdiction of the Agency.
9. The actions authorized by this Resolution: a) constitute an administrative activity of the Agency that will not result in direct or indirect physical changes in the environment and b) provide the Agency with funding that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. Accordingly, the adoption of this Resolution does not constitute a "project" for purposes of the California Environmental Quality Act ("CEQA") under Sections 15378 (b) (4) and 15378 (b) (5) of the CEQA Guidelines. The Agency acknowledges that the use of TDR in the development of another property ("Development Lot") is subject to separate environmental review under CEQA.

RESOLUTION

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

1. That the Executive Director is authorized to approve and concur in the Statement of Eligibility for the Rincon Annex U.S. Post Office Building (attached as Exhibit A to this Resolution) after it becomes final and subject to the execution of an agreement with Rincon Center Commercial LLC whereby the Agency receives certificates for at least 35% of the total TDR square footage approved in the Statement of Eligibility of TDR for the Rincon Annex (171,308 square feet of the total of 489,452 square feet).
2. That the Executive Director is authorized to execute agreements for the sale of the 171,308 square feet of TDR pursuant to procedures for a public offering that maximize public participation and that ensure that the Agency receives the fair market value of the certificates.

APPROVED AS TO FORM:



James B. Morales
Agency General Counsel

EXHIBIT A

RECORDING REQUESTED BY:

Lawrence B. Badiner
Zoning Administrator
Planning Department
City and County of San Francisco
1650 Mission Street, Suite 400
San Francisco, CA 94103

WHEN RECORDED RETURN TO:

**STATEMENT OF ELIGIBILITY
OF TDR**

NOTICE – The transfer of TDR certified as available for transfer in this Statement of Eligibility is subject to whatever rights exist in favor of third parties who assert or hold an interest in the real property described herein. The City, by issuing this Statement of Eligibility does not take any position on or give any assurances regarding the existence or nonexistence of any such rights, nor of their effect, if any, upon TDR or transactions involving TDR.

SECTION 128(k) OF THE PLANNING CODE – TDR shall convey the rights granted herein only for so long and to the extent as authorized by the provisions of this Code. Upon repeal of such legislative authorization, TDR shall thereafter convey no rights or privileges. Upon such amendment of such legislative authorization, TDR shall thereafter convey only such rights and privileges as are permitted under the amendment.

Case No.: 2007.1128J

Date Filed: September 28, 2007

TRANSFER LOT

Address: **121 Spear Street (aka 99 Mission Street)**

Block/Lot: **3716/023**

Legal Description of Lot (attach additional sheets if necessary):

See EXHIBIT A

Owner:

**Rincon Center Commercial, LLC
One Sansome Street, Suite 1025
San Francisco, CA 94104**

Zoning: **C-3-O**

Category of Building (I, II, III, IV, or V): **N/A**

Designation of Building (Significant, Contributory, or Category V): **N/A**

Landmark No.: **107**

Amount of TDR Available for Transfer: **489,452**

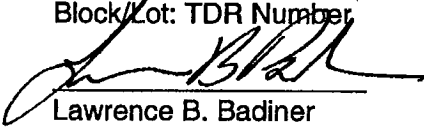
The TDR certified in this form are to be designated as described below in accordance with Section 128(g)(2) of the Planning Code:

489,452
Amount

3716/023:00001
Block/Lot: TDR Number

through

3716/023:489452
Block/Lot: TDR Number


Lawrence B. Badiner
Zoning Administrator

10/10/07
Date of Issuance

Any appeal of the proposed Statement of Eligibility shall be filed with the Board of Appeals within twenty (20) days of the date of issuance of this Statement. If not appealed, the proposed Statement shall become final on the 21st day after the date of Issuance.

Date Statement of Eligibility becomes final if not appealed: 10/31/07

DESCRIPTION

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Policy No. 742174 MB

CITY OF SAN FRANCISCO

RINCON ONE PARCEL

PARCEL A:

PARCEL THREE, AS SHOWN ON THE PARCEL MAP SHOWING THE SUBDIVISION OF AIRSPACE FILED JUNE 23, 1988, IN BOOK 37 OF PARCEL MAPS, AT PAGES 67 - 71, INCLUSIVE, OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO.

BEING 100 VARA BLOCK NO. 321.

LOT 023, BLOCK 3716

PARCEL B:

AS AN APPURTENANCE TO PARCEL A, REFERRED TO ABOVE, EASEMENTS OVER PARCELS ONE AND FOUR, AS SUCH PARCELS ARE SHOWN ON THE PARCEL MAP SHOWING THE SUBDIVISION OF AIRSPACE, FILED JUNE 23, 1988, IN BOOK 37 OF PARCEL MAPS, AT PAGES 67 - 71, INCLUSIVE, OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO.

BEING 100 VARA BLOCK NO. 321, AND AS SUCH EASEMENTS ARE PROVIDED FOR IN THAT CERTAIN RECIPROCAL EASEMENT AGREEMENT DATED AS OF JUNE 24, 1988, AND RECORDED JUNE 27, 1988, IN BOOK E624, PAGE 1132, AS INSTRUMENT NO. E196829, AND SET FORTH IN THAT CERTAIN DECLARATION ESTABLISHING RECIPROCAL EASEMENTS AND COVENANTS RUNNING WITH THE LAND, DATED MARCH 30, 1999 AND RECORDED MARCH 31, 1999, IN BOOK H353, PAGE 505, AS INSTRUMENT NO. 99-G541539-00, IN THE OFFICIAL RECORDS OF THE CITY AND COUNTY OF SAN FRANCISCO.

EXHIBIT A