

RESOLUTION NO. 119-2008

Adopted October 7, 2008

AUTHORIZING A GROUND LEASE WITH OCTAVIA COURT, INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN CONNECTION WITH THE DEVELOPMENT OF VERY LOW-INCOME RENTAL HOUSING FOR PERSONS WITH DEVELOPMENTAL DISABILITIES ON CENTRAL FREEWAY PARCEL Q, SOUTHWEST CORNER OF OCTAVIA BOULEVARD AND OAK STREET, AND MAKING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; CITYWIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

1. On November 19, 2004, the Redevelopment Agency of the City and County of San Francisco (the "Agency") purchased Central Freeway Parcel Q from the City and County of San Francisco (the "City") for the express purpose of developing affordable housing.
2. On September 9, 2005, the Agency issued a Request for Proposals (the "RFP") for the construction, ownership, and operation of 15 units of affordable housing for disabled individuals and their families on Central Freeway Parcel Q. The RFP sought high-quality proposals from experienced development teams comprised of a developer, architect, service provider, and property manager.
3. Two development teams submitted proposals, both of which met the minimum requirements defined in the RFP. An interdisciplinary evaluation panel (the "Evaluation Panel") reviewed the proposals and interviewed the development teams. The teams then presented their proposals at a public town hall meeting on February 7, 2006.
4. The Evaluation Panel determined that the submittal presented by the joint-venture team of West Bay Housing Corporation, a California nonprofit public benefit corporation, and Satellite Housing, Inc., a California nonprofit public benefit corporation, offered the best development program for Parcel Q. These two organizations subsequently formed an ownership entity known as Octavia Court Inc., a California nonprofit public benefit corporation (the "Developer").
5. The Developer intends to construct approximately 15 affordable housing units (including one manager's unit) for very low-income developmentally disabled adults who are at or below 50 percent of Area Median Income (the "Project"), pursuant to the U.S. Department of Housing and Urban Development's ("HUD") Section 811 project guidelines, as the Developer applied for and received HUD Section 811 financing for the Project.
6. To demonstrate to HUD that the Developer had local commitment in the Developer's Section 811 Program application, the Agency on May 16, 2006 authorized: (1) a Regulatory and Grant Agreement in an amount not to exceed

\$2,035,691 in permanent financing to make the Project financially feasible, as well as to pay for predevelopment and ultimately construction expenses; (2) a Tax Increment Loan in an amount not to exceed \$1,922,162 for construction bridge loan funds to eliminate construction interest costs (which funds will be repaid at the end of the construction period with the State of California's Multifamily Housing Program ("MHP") funds for permanent financing in an amount equal to the Tax Increment Loan); and, (3) a Lease Option Agreement to demonstrate site control which is a requirement for a successful application to the Section 811 Program.

7. The Developer was successful in obtaining both the HUD Section 811 Program award and the MHP award.
8. The Project is now ready to start construction and the Developer requests the Agency enter into a 65-year Ground Lease for Central Freeway Parcel Q.
9. Based on the analysis contained in the Final Environmental Impact Report for the Market and Octavia Plan (the "FEIR"), and the findings pursuant to the California Environmental Quality Act ("CEQA") adopted by the San Francisco Planning Commission (the "Planning Commission") on April 5, 2007, in Motions No. 17406 and 17407, respectively, and the findings adopted by the Planning Commission on March 13, 2008 in Motion No. 17567 approving the conditional use authorization for the Project, Agency staff requests that the Agency Commission adopt findings in accordance with CEQA that the Ground Lease is an Implementing Action for the construction of the Project, pursuant to the approvals granted by the Planning Commission. Staff, in making the necessary findings for the Implementing Action contemplated herein, considered and reviewed the FEIR. Documents related to the Implementing Action and the FEIR have been and continue to be available for review by the Agency Commission and the public and are part of the record before the Agency Commission.

FINDINGS

1. The Agency Commission hereby finds that the approval of the Ground Lease for the development of very low-income rental housing will be of benefit to the City generally and, in particular, to the Market and Octavia community.
2. The Agency Commission hereby further finds and determines that the Ground Lease is an Implementing Action for the construction of the Project pursuant to the approvals granted by the Planning Commission and requires no additional environmental review pursuant to State CEQA Guidelines Section 15096 for the following reasons:
 - a. The Implementing Action will not change the scope of the Project analyzed in the FEIR and no major revisions are required due to the involvement of new significant environmental effects or a substantial increase in the severity of significant effects previously identified in the FEIR.

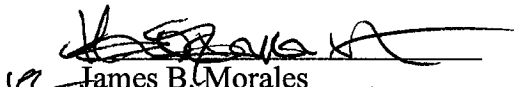
- b. No substantial changes have occurred with respect to the circumstances under which the Project analyzed in the FEIR was undertaken that would require major revisions to the FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR.
 - c. No new information of substantial importance to the Project analyzed in the FEIR has become available that would indicate that (a) the Implementing Action will have significant effects not discussed in the FEIR; (b) significant environmental effects will be substantially more severe; (c) mitigation measures found not feasible that would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives that are considerably different from those in the FEIR will substantially reduce one or more significant effects on the environment.
- 3. The Agency Commission hereby further finds, pursuant to State CEQA Guidelines Section 15091, that the FEIR and Planning Commission Motions No. 17406, 17407 and 17567 were and remain adequate, accurate and objective and are applicable to the Implementing Action.
- 4. The Agency Commission hereby declares the following Statement of Overriding Considerations, pursuant to CEQA Guidelines Sections 15096(h) and 15093:
 - a. As detailed in Planning Commission Motion No. 17407, that implementation of the Market and Octavia Plan will contribute to significant and unavoidable project specific shadow impacts on the War Memorial Open Space and United Nations Plaza, traffic impacts at seven intersections, including the intersections of Laguna/Market/Hermann/Guerrero Streets, Market/Sanchez/Fifteenth Streets, Market/Church/Fourteenth Streets, Mission Street/Otis Street/South Van Ness Avenue, Hayes Street/Van Ness Avenue, Hayes and Gough Streets, and Hayes and Franklin Streets, and a transit impact on the Muni 21 Hayes Line.
 - b. The following specific overriding economic, legal, social, and other considerations outweigh the identified significant effects on the environment:
 - i. Project implementation will fulfill the policies and objectives of the General Plan, including the Air Quality, Urban Design, and Transportation Elements.
 - ii. Project implementation will further the City's housing goals as established in the Housing Element of the General Plan and elsewhere by improving residential conditions and encouraging residential activity through the creation, retention and rehabilitation of housing affordable by very low-income, low-income, and moderate-income persons and families.

- iii. Project implementation will help address the City's housing shortage.
 - iv. Project implementation will promote enhanced quality of life in the Market and Octavia area.
 - v. Project implementation will promote enhanced community facilities and open space for new residents of the Market and Octavia area.
 - vi. Project implementation will promote enhanced infrastructure and streetscape improvements in the Market and Octavia area.
5. Having considered these specific benefits, the Agency finds that the Project's benefits outweigh the unavoidable adverse environmental effects, and that the adverse environmental effects are therefore acceptable.
6. The Agency Commission hereby further finds that, based on the FEIR and Planning Commission Motions No. 17406, 17407 and 17567, all other impacts of the Project would either be less than significant or could be mitigated to less than significant levels, with implementation of the Mitigation Monitoring Program.

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 Final Environmental Impact Report and hereby adopts the CEQA findings set forth herein and (2) the Executive Director is authorized to enter into a Ground Lease with Octavia Court, Inc., a California nonprofit public benefit corporation, in connection with the development of very low-income rental housing on Central Freeway Parcel Q, southwest corner of Octavia Boulevard and Oak Street, substantially in the form lodged with the Agency General Counsel; Citywide Tax Increment Housing Program.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel