

RESOLUTION NO. 142-2008

Adopted December 2, 2008

AUTHORIZING A PREDEVELOPMENT LOAN AGREEMENT NOT TO EXCEED \$2,800,000 WITH MERCY HOUSING CALIFORNIA XLIV, A CALIFORNIA LIMITED PARTNERSHIP, FOR PREDEVELOPMENT ACTIVITIES RELATED TO 134 UNITS OF VERY LOW- AND LOW-INCOME FAMILY RENTAL HOUSING AT 1000 FOURTH STREET, ALSO KNOWN AS BLOCK 13 EAST, AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MISSION BAY SOUTH 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 Redevelopment Agency of the City and County of San Francisco ("Agency") undertakes programs for the reconstruction and rehabilitation of slums and blighted areas in the City and County of San Francisco.
2. On September 17, 1998, by Resolution No. 190-98, the Agency Commission ("Agency Commission") approved the Redevelopment Plan for the Mission Bay South Redevelopment Project Area ("Plan"). On the same date, the Agency Commission adopted related documents, including Resolution No. 193-98 authorizing execution of an Owner Participation Agreement ("South OPA") and related documents between Catellus Development Corporation, a Delaware corporation, and its successors ("Catellus" or "Master Developer"), and the Agency. On November 2, 1998, the San Francisco Board of Supervisors ("Board of Supervisors"), by Ordinance No. 335-98, adopted the Plan. The Plan and its implementing documents, as defined in the Plan, constitute the "Plan Documents."
3. The Plan and the Plan Documents, including the Design Review and Document Approval Procedure, designated as Attachment G to the South OPA ("DRDAP"), provide that development proposals in Mission Bay South will be reviewed and processed in "Major Phases," as defined in and consistent with the Plan and the Plan Documents. Submission of design plans and documents for any specific building ("Project") must be consistent with the requirements established for each Major Phase. The DRDAP sets forth the review and approval process for Major Phases and Projects.
4. The OPAs for Mission Bay North and Mission Bay South require that approximately 1,700 of the 6,000 housing units be affordable to low- and moderate-income households. The Master Developer is obligated to create

approximately 255 affordable units as part of its development plans. The remaining 1,445 units will be developed by nonprofit housing developers selected by the Agency on approximately 16 acres of land, known as Agency Affordable Housing Parcels that the Master Developer is required to contribute to the Agency. The 16 acres are composed of 3.8 acres in Mission Bay North and 12.2 acres in Mission Bay South. The Master Developer is generally required to contribute land to the Agency as it proceeds with its own developments.

5. The Agency's Mission Bay Affordable Housing Policy also approved by the Agency Commission on September 17, 1998, states the type of housing to be built on the Agency land and that the Agency will select nonprofit developers for these sites through a Request for Qualifications ("RFQ") process.
6. On September 17, 1998, the Agency Commission adopted Resolution No. 182-98 which certified the Final Subsequent Environmental Impact Report ("FSEIR") as a program Environmental Impact Report ("EIR") for Mission Bay North and South pursuant to the California Environmental Quality Act ("CEQA") and State CEQA Guidelines Section 15180. On the same date, the Agency Commission also adopted Resolution No. 183-98, which adopted environmental findings (and a statement of overriding considerations), in connection with the approval of the Plan and other Mission Bay project approvals. 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.
7. Subsequent to certification of the FSEIR, the Agency has issued several addenda to the FSEIR, as described in Recital 5 below. The addenda do not identify any substantial new information or new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the FSEIR. Hereinafter, the Final Subsequent Environmental Impact Report, including any addenda thereto, shall be collectively referred to as the "FSEIR."
8. The first Addendum, dated March 21, 2000, analyzed temporary parking lots to serve the ballpark. The second, dated June 20, 2001, analyzed revisions to 7th Street bike lanes and relocation of a storm drain outfall provided for in the Mission Bay South Infrastructure Plan, a component of the South OPA. The third, dated February 10, 2004, analyzed revisions to the Mission Bay South Design for Development with respect to the maximum allowable number of towers, tower separation, and required step-backs. The fourth, dated March 9, 2004, analyzed the Mission Bay South Design for Development with respect to the permitted maximum number of parking spaces for bio-technical and similar research facilities and the North OPA with respect to changes to reflect a reduction in permitted commercial development and associated parking. The fifth, dated October 4, 2005, analyzed the University of California San Francisco ("UCSF") proposal to establish a Phase I 400-bed hospital in Mission Bay South

on Blocks 36-39 and X-3. The sixth, dated September 10, 2008, analyzed the UCSF proposal to establish a medical center with 289 beds in Phase I and an additional 261 beds in Phase II in Mission Bay South on Blocks 36-39 and X-3.

9. On November 1, 2005, the Agency Commission approved the Master Developer's Major Phase Application for Blocks 2-7 and 13 in the Mission Bay South Redevelopment Project Area ("Mission Bay South"). Pursuant to the terms of the South OPA between the Agency and the Master Developer, the next Agency Affordable Housing Parcel is available for the Agency to select a developer.
10. On April 17, 2008, the Agency issued a RFQ for the development of the first Agency Affordable Housing Parcel in Mission Bay South, seeking nonprofit teams capable of developing up to 134 units of affordable rental family housing (the "Project") at 1000 Fourth Street, also known as Block 13 East ("Site"). The Project includes that twenty percent of the units be set aside for formerly homeless families. A summary of the RFQ was provided to the Agency Commission in an informational memorandum at its April 15, 2008 meeting.
11. The Agency received four submittals, of which three met the minimum threshold for completeness as established in the RFQ. The RFQ sets forth specific qualifications including previous development experience, developer staff capacity, architectural design, building constructability, and financial feasibility.
12. After Agency staff evaluated the three complete submittals, an eight-member selection panel interviewed the three developer teams on July 17, 2008. The selection panel unanimously chose a team lead by Mercy Housing California, a California nonprofit public benefit corporation, to recommend to the Agency Commission to develop the Site.
13. At its meeting of December 2, 2008, per Resolution No. 141-2008, the Agency Commission authorized the Agency Executive Director to enter into an exclusive negotiations agreement ("ENA") with Mercy Housing California XLIV, a California limited partnership ("Developer"), a wholly owned California nonprofit subsidiary of Mercy Housing California, to clarify the obligations the Developer must fulfill to remain in exclusive negotiations leading to the execution of a Ground Lease Agreement and the development of the Site.
14. Pursuant to Attachment C, Mission Bay South Housing Program of the South OPA, the Master Developer has made available to the Agency a revolving predevelopment loan fund ("Loan Fund") in the amount of Five Hundred Thousand Dollars (\$500,000). The total amount of the Loan Fund will be used to partially fund a predevelopment loan to the Developer through the issuance of the first building permit for the Project, at which time the Agency will substitute other Mission Bay Funds so that the Loan Fund will be available to lend to the next Agency Mission Bay Affordable Housing Parcel.

15. In October 2008, Mercy Housing California requested a Mission Bay South Housing Loan to pay for predevelopment and pre-construction costs associated with the Project. The borrower will be the Developer.
16. At its meeting of October 17, 2008, the Citywide Affordable Housing Loan Committee recommended approval of a Mission Bay South Housing Loan Agreement for \$2,800,000 subject to the terms and conditions listed in the Loan Evaluation.
17. The FSEIR is a program EIR under CEQA Guidelines Section 15168 and a redevelopment plan EIR under CEQA Guidelines Section 15180. Approval of the ENA leading to execution of a Ground Lease Agreement and the predevelopment loan are undertakings pursuant to and in furtherance of the Plan in conformance with CEQA Section 15180 ("Implementing Actions").
18. Agency staff, in making the necessary findings for the Implementing Actions, including authorization of the ENA contemplated herein, considered and reviewed the FSEIR and has made documents related to the Implementing Actions and the FSEIR files available for review by the Agency Commission and the public, and these files are part of the record before the Agency Commission.
19. The FSEIR findings and statement of overriding considerations adopted in accordance with CEQA by the Agency Commission by Resolution No. 183-98 dated September 17, 1998 were and remain adequate, accurate and objective and are incorporated herein by reference as applicable to the Implementing Actions.

FINDINGS

The Agency finds and determines that the predevelopment loan is an Implementing Action within the scope of the 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:

1. 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 significant effects previously identified in the FSEIR;
2. 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; and,
3. 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

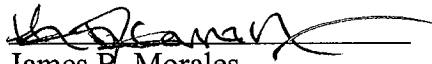
environmental effects will be substantially more severe; (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives which are considerably different from those in the FSEIR will substantially 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 No. 183-98 incorporated herein and those set forth above.
- (2) The Executive Director or his designee is authorized to enter into a Loan Agreement with Mercy Housing California XLIV, a California limited partnership, in an amount not to exceed \$2,800,000 to pay predevelopment and pre-construction expenses associated with the development of up to 134 units of affordable rental family housing, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel