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**MINUTES OF A REGULAR MEETING OF THE  
REDEVELOPMENT AGENCY OF THE CITY AND  
COUNTY OF SAN FRANCISCO  
HELD ON THE 5<sup>th</sup> DAY OF JANUARY 2010**

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00 p.m. on the 5th day of January 2010, at the place and date duly established for holding of such a meeting.

President Swig called the meeting to order at 4:00 p.m.

Mr. Swig welcomed members of the public and radio listening audience and asked that all electronic devices including pagers and cellular telephones be turned off during the meeting. Mr. Swig asked members of the public who wished to address the Commission to fill out speakers cards, and to state their names for the record.

Mr. Swig requested that due to the anticipated crowd to speak on Item 3a, an overflow area on the first floor on the north light corridor would be available for seating. He also requested that remarks be limited to two minutes due to the numerous anticipated speakers.

Mr. Swig stated that the appropriate time for members of the public to address the Commission on matters not on the current Agenda, but related to general Agency business, would be Item 6 on the Agenda. This portion of the Agenda is not intended for debate or discussion with the Commission or staff, and members of the public should simply state their business or matter they wish the Commission or staff to be aware of, and if they had questions, to follow-up with staff or Commissioners during a break or after adjournment. It is not appropriate for Commissioners to engage in a debate or respond on issues not properly set in a publicly-notice meeting agenda.

Prior to the first item being called, Mr. Swig stated that there would be a significant crowd on Matters of Unfinished Business and asked of his fellow commissioners if they desired to take an item out of order, wherein they would discuss the regular agenda first. Hearing none, Mr. Swig called the first item.

**1. RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present:

Rick Swig, President  
Darshan Singh, Vice President  
London Breed  
Miguel Bustos  
Francee Covington  
Leroy King

**2. REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY. No Reportable Action.**

3. **MATTERS OF UNFINISHED BUSINESS.** 3(a) Public Hearing To Hear all Persons Interested in the Candlestick Point-Hunters Point Shipyard Phase 2 Draft Environmental Report. Continued Public Hearing on the Adequacy of the Draft Environmental Impact Report for the Candlestick Point – Hunters Point Shipyard Phase II Development Plan Project; Bayview Hunters Point and Hunters Point Shipyard Redevelopment Project Area.

Presenter: Stan Muraoka, Agency Staff

Speakers: Espanola Jackson, Francisco DaCosta, Jim Lazarus, Gary Banks, Jaquin Deleon, Lisa Galley, Al Norman, Rev. Arelious Walker, Ericka Katske, Tim Colen, Mat Regan, Christopher Wagner, Dr. Ahimsa Porter Sumchai, Richard McRee, Karissa Cole, Rev. Arnold Townsend, Angelo King, Derrick Green, Patrick Uniacke, Carol Harvey, LaRonda Smith, Franklin Ross, Alex Toeaina, Linda Shaffer, Doug Parrish, Daniel Landry, Ace Washington, Tim O'Miles

**COURT REPORTER TRANSCRIPT VERBATUM**

PRESIDENT SWIG: Thank you very much. Again, I want to make sure that everybody is heard today on the subject and commentary on the draft EIR. Anybody else who has any comment on the draft EIR? All right. Hearing no further public comment, I will close public comment and turn to my fellow commissioners for their comments starting with Commissioner Covington.

COMMISSIONER COVINGTON: Thank you, Mr. President. I think we had a slight technical difficulty that's the reason for the delay. I want to first of all thank everyone who came out this afternoon to share your thoughts with us. Once again, we had some new people come out and that's always good. That's why we are here to listen to what you have to say, and I want to thank my fellow commissioners for making sure that we extend the public comment time, the oral public comment time today. I must say I have not read each and every word of the 4,400 pages. I have read most of it, and I really encourage people to go back to the document, to the original document because there are a number of things that were brought up this evening that are indeed covered in the document. I think they are covered quite well. You may not agree with the assessment that is made from the information that has been gathered, but the document is fairly comprehensive. I again encourage those of you who have particular concerns go back to the document. It is voluminous and perhaps you missed something. And if not, you know, we can all agree to disagree. And I think that this is such a huge project, and we have been talking about it for so very long that the thought that we would all be on the same page in accord is the result of thinking in a parallel universe. So I am not put off by anything that anyone has said this evening. I stand by the document and my reading of the document, and I encourage those of you who may be listening on the radio who have not read it, to please read it. I look forward to seeing your written comments of those people who are going to be preparing them. Thank you.

PRESIDENT SWIG: Any other commissioners wish to comment? Okay. I'd just like to echo some of the things Commissioner Covington said. First, I would like to thank the public very much for taking the time both two weeks ago and today for coming out and sharing your thoughts. And also I agree with Commissioner

Covington and Reverend Townsend that the document is very adequate. It is thorough. It has many answers to the questions raised today. We can't all agree on everything, and this is a great opportunity for all of us to comment on our thoughts, and we do have to weigh the adequacy versus -- the issue of adequacy versus the issue of whether we can all agree on the same item at the same time. I would like to further comment that, you know, this is just another small step in a long project, and I hope we all stay looking through the front windshield instead of the rearview mirror so that we can continue to move forward in a constructive fashion.

Just two thoughts for testimony on the DEIR, I call to the attention the transportation section which is a very difficult section. It is very clear that today the transportation issues at Bayview Hunters Point is woefully inadequate, and we talked about it with regard to the EIR for Visitation Valley. There was discussion on looking at the macro issues on transportation. Bayview Hunters Point is not just Bayview Hunters Point. It connects to the rest of the City, and Visitation Valley is part of that, and all the adjacent areas to Bayview Hunters Point is part of that, and the way people get to their jobs downtown or across town or around town is part of that. So as I commented when we were talking about Visitation Valley, I hope that as this document evolves and various authorities that have to deal with transportation really take that transportation section very, very seriously because it is so critical.

Secondly, on the issue of the environment, you know, I wish I had my crystal ball to look at what global warming will do to this world and how far the seas will rise. I unfortunately do not have that crystal ball in my bag of tricks, but I think there should be recognition certainly of environmental issues in the future in this DEIR. It is there. I just want to let you know those who have any concerns, I share those concerns with you, but they are addressed in the DEIR, and I hope that as the draft becomes finalized that any further clarity will be established. That's it. We don't have any -- Commissioner Breed I see has asked to make a comment.

COMMISSIONER BREED: Yes, I want to make a few comments. I want to thank the public for coming out to speak. I also wanted to thank my fellow commissioners for continuing this hearing so that we could hear further comments. I have been up until maybe 3:00, sometimes 4:00 in the morning trying to review the important parts of the document because of the importance. I have visited with residents. I have spoken to a number of them about certain issues that they have had. One of the biggest concerns I think I had was from some of the residents is that they really weren't necessarily interested in reviewing this document, but more importantly they were interested in the housing opportunity and the job opportunities that were promised to them because of this particular project. And so what I would like to communicate, you know, for the record is that it is important that we hold the organizations that receive support financially throughout the City to provide the housing and job opportunities, support necessary to the members of the Bayview Hunters Point Community accountable. That is going to be the most important thing that we do in the long run. We need to make sure that folks are ready for the opportunities that will exist. We can't issue or continue to issue financial support to these organizations and then not make sure that they are delivering measurable results for the people of the Bayview. That is the biggest

concern that I have encountered, and it is something that we need to aggressively address.

The second issue I have is I frequently visit family members, drop kids off, and I'm always in the Bayview Hunters Point for one reason or another. It is really tough maneuvering all over the Bayview, up the hill, down the hill. It is a very difficult place. They have difficult areas to get to with a car, let alone public transportation, and I hardly see buses traveling in the hill area. I know the 19th Polk kind of goes up West Point and some other things, but the public transportation there is ridiculous. I think that one of the things that the transportation section that I would like to have seen more of is address those issues, connecting what exists now or figuring out a way in which the transportation that is going to be addressed in the future is addressed in this EIR. I think it is going to be important that we look now, not wait until this thing is moving forward, but we look now at the transportation problems that exist in the Bayview. I have had a number of problems that have existed on the T3 line where -- you know, I can't put my kids on the T3 line to go home because there's a lot of violence and other issue that happen. So we have to address -- and I know that's not a redevelopment issue, but we need to address the current situation around the transportation issue as a whole. We need to make sure that that is addressed now and that we connect those two dots with the transportation plan because I do have some serious concerns that if we are not dealing with transportation now, how are we going to make it better in moving forward. That is an important issue as well that has been communicated by a number of the residents.

So, yes this is a large document. Yes, there's a lot of indexes and a lot of charts and other things that exist in here, but then there is also a lot of substantive information, and I felt it was a very helpful document. This is the first step in a longer process, and I think in moving forward it is going to be imperative for the public to make -- voice its concern with regards to the plans for the shipyard more importantly and to make sure their comments are included for this draft environmental impact report especially those things that you feel are most important to you. With that, I think we are pretty much one, and I thank you again all for your time and your commitment. I ask you to continue to make public comments, submit information, provide whatever materials necessary to help us, ask commissioners to make the best decision, and also talk to the folks who live around you because if you live in the Bayview Hunters Point or if you work there or if you spend time there, then there are a ton of residents that are constantly willing to step up and make their voices heard with regard to this process, but they may not always want to attend the meetings or provide written comment. So with that, I thank you.

PRESIDENT SWIG: Thank you. Commissioner Bustos.

COMMISSIONER BUSTOS: I just thank you for the opportunity to speak on this. You know I want to appreciate the public and thank you so much for being here. As a native San Franciscan it is always good to have folks that have been in community long term to sort of have that history. With that, I go to sort of what London was talking about. The community benefits should support the community. You have communities not only in Bayview, but other parts of San Francisco that have kept the fabric of that community together with nothing. They have held it

with nothing, without any attention, without any support or resources from the City. Having grown up in the Mission District back in the day, you know, we did the same thing. We had to hold it together. So I really believe that redevelopment should benefit the community that has held it together the most. With that, know that we will have -- I don't know about the other commissioners, but at least for me, will have that in mind as we go forward and encourage you to do the same as we are looking at the plans and looking at transportation as well as the housing environment. One thing in terms of the cultural aspect that really caught my interest as a whole is the way we handle our native brothers and sisters who are indigenous to the community. Ms. Jackson talked about the Ohlones and some others that should be included, and I totally agree. I think the way we handle the findings of human remains, cultural artifacts should be handled in the most culturally, spiritually and sort of proper way to do it. So I would hope that that happens. I just want to thank the public once again for everything you have said, and we have taken a lot of notes. So I appreciate it. Thank you.

PRESIDENT SWIG: Okay. Any other commissioners with comments? All right. Hearing none, before I close this hearing on the subject, I would like to thank Commission Breed, and I believe she was supported heavily by Commissioner Covington, on extending this hearing over to -- from two weeks ago to today. I think that was very valuable and an important exercise in this. I want to recognize those two commissioners and their energy towards making the extension of this hearing possible. So with that, I would like to close the hearing to hear public testimony on the adequacies of the draft EIR in evaluating the likely adverse environmental effects of the closed Bayview Hunters Point Candlestick Point Project. Thank you very much.

(Whereupon, the proceedings were adjourned.)

**END OF COURT REPORTER TRANSCRIPT**

**RECESS**

After a brief recess, Commissioner Swig called the meeting to order and requested the hearing proceed with the next item, Item 4(a).

**4. MATTERS OF NEW BUSINESS:**

**CONSENT AGENDA**

- (a) Resolution No. 156-2009, Authorizing a 2010-2011 Work Order Agreement with the Mayor's Office of Housing in an amount not to exceed \$285,000, from July 1, 2010 to June 30, 2011, for homeownership assistance activities; Citywide Tax Increment Housing Program.

**ADOPTION:** IT WAS MOVED BY MR. SINGH, SECONDED BY MR. KING, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 156-2009, AUTHORIZING A 2010-2011 WORK ORDER AGREEMENT WITH THE MAYOR'S OFFICE OF HOUSING IN AN AMOUNT NOT TO EXCEED \$285,000, FROM JULY 1, 2010 TO JUNE 30, 2011, FOR HOMEOWNERSHIP

ASSISTANCE ACTIVITIES; CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED.

**REGULAR AGENDA**

- (b) Resolution No. 157-2009, Authorizing a First Amended and Restated Ground Lease Agreement with 365 Fulton, L.P., a California limited partnership, to change the base rent amount from \$15,000 annually to \$1 annually, and make certain changes to the ground lease, for the development and operation of 120 very low-income supportive housing rental units at 365 Fulton Street; Citywide Tax Increment Housing Program.

Presenter: Erin Carson, Agency Staff

Speakers: None

Commissioner Swig asked if there was anybody in the audience who wished to comment on this item. Hearing no request to speak on this item, Mr. Swig closed public comment and turned to his fellow commissioners.

Commissioner Covington motioned to move Items 4 (b) and (c), but had a few questions prior to doing so. She asked if a waiver of the \$15K annual fee reduction to \$1 was standard operating procedure, why was it not originally included.

Ms. Carson replied that at the time of negotiations on this project, \$15K was the standard base rent. Several local operating subsidy projects have been done since negotiations, and it has become normal practice that the base rent be reduced to \$1 due to programs such as AHP that make it more competitive.

Commissioner Covington wanted to know if developers considered the \$15K burdensome in any way? Is this a deterrent to submitting a proposal?

Ms. Carson commented that it would not be onerous because the fee does not impact the developer directly. The fee is an operating expense. It is taken from the operating cash flow. There would not be any impact on the developer's ability to respond or participate.

Commissioner Covington disagreed. She felt it would impact the operator.

Ms. Carson responded that it would impact the operations, and simply increase the operating budget which increases the local operating subsidy. The primary reason for the change is the competitiveness for the age, a fee funding that creates leverage in the application for additional funding. It is somewhat typical that \$15k is a base rent, but most projects now come forward with the \$1 fee.

Commissioner Covington commented that in the future there should be no need to bring this issue before the commission since there would be a \$1 threshold for future local operating subsidy projects.

Ms. Carson confirmed this would be the case.

Commissioner Swig thanked Ms. Covington for her comments.

Commissioner Covington stated that she previously made a motion to move both items.

Commissioner Singh seconded Ms. Covington's motion to move the items.

Commissioner Swig asked if any other commissioner would like to comment. Hearing none, Mr. Swig asked if it was reasonable and customary for the Redevelopment Agency to act as a guarantor.

Mr. Olson Lee, Deputy Executive Director, responded that it is not reasonable or customary that the Agency act as guarantor. This is an extraordinary situation due to the economic condition of the State. The Agency has not had to previously provide types of guarantees for this program. Usually, takeout financing comes from the State. Due to the State's budget delay this fiscal year, underwriters at private institutions are not prepared to go forward with these projects without a guarantee from the local agency.

The issue of risk was discussed, both in terms of the likelihood that the state would not fund its obligation. Staff agreed that with both the length of time for construction, in addition to the extensions a developer has on a basic construction loan, it will provide time for the State to fix their budget situation and then be prepared to issue their bonds for the this particular housing.

The State position is they have met all obligations to date on the MHP program. Unfortunately, the credit underwriters of the private lenders are indicating that unless we provide some additional assurances, they are not prepared to finance the project. Staff is requesting the Commission's authorization to assure that the project goes forward. Basically, the issue is the question of risk. To this point, the State has reneged on any of its financing.

Commissioner Swig stated that he did not want this to be a precedent setting action. He wanted to make sure it was understood by staff that this is a very clear exceptional action.

Mr. Blackwell added that because this is a very infrequent request, the Commission does not have a formal policy regarding this type of activity. An issue which the Agency would like to bring before the Commission is a formal policy that sets not only what the criteria would be for a project of this type, but also sets thresholds for loan guarantees. Given the economic situation at the State level, and the uncertainty with regard to funds coming from State or Federal levels, banks and other investors will increasingly be looking to local agencies to provide loan guarantees.

Commissioner Swig expressed his concern that if this exception is granted, then potentially it could become standard practice. He expressed concern that regardless of the economic state of the country, this could become a fundamental

negotiating position. Mr. Swig requested staff stress to lenders that this is an exception. This will not be normal behavior of the Agency nor will the Commission approve a guarantee position

Commissioner Breed agreed with Mr. Swig's concerns. Ms. Breed stated that she thought the Agency had performed this action before, when the Agency provided a guarantee for the Banniker homes, but in a different capacity. Her understanding was that the Agency was the guarantor in order for them to secure financing for improvements to their renovation.

Mr. Lee responded that the Agency had done guarantees previously, but they were different forms of guarantees. The Banniker home situation was illustrative because the Agency was guaranteeing payment of Section 8 contracts from the federal government to at-risk development areas where there were project based Section 8s. The Agency did this for a series of projects and structured all financing with short term loans. To date, none of those guarantees have been called, and the banking community is comfortable with payment of those project based contracts by HUD. Currently, these loans do not require a guarantee.

Commissioner Breed stated that it is important for the Agency to have a policy that is very strict in terms of this policy. She expressed concerned that she didn't think this was best for the Agency

Commissioner Swig thanked Commissioner Breed for her comments and asked if there were any further comments from his fellow commissioners. Hearing none and seeing there was a motion on the floor from Commissioner Covington and a second from Commissioner Singh, Mr. Swig called for a vote on the item.

Mr. Morales stated that the vote needed to include Item 4(c) as amended with the lower amount.

Commissioner Swig then recalled the vote with the amended amount of \$15,000 to \$1 for Item 4(c).

- (c) **ADOPTION:** IT WAS MOVED BY MS. COVINGTON, SECONDED BY MR. SINGH, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 157-2009, AUTHORIZING A FIRST AMENDED AND RESTATED GROUND LEASE AGREEMENT WITH 365 FULTON, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO CHANGE THE BASE RENT AMOUNT FROM \$15,000 ANNUALLY TO \$1 ANNUALLY, AND MAKE CERTAIN CHANGES TO THE GROUND LEASE, FOR THE DEVELOPMENT AND OPERATION OF 120 VERY LOW-INCOME SUPPORTIVE HOUSING RENTAL UNITS AT 365 FULTON STREET; CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED AS AMENDED.

5. **MATTERS NOT APPEARING ON AGENDA:** None.
6. **PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS:** Ace Washington.

7. **REPORT OF THE PRESIDENT:** Commissioner Swig wished everybody a Happy New Year and a better year than last year. He expressed his pleasure to have Commissioner Bustos joining us for a full year and the constructive participation which he brings to the Commission.
8. **REPORT OF THE EXECUTIVE DIRECTOR:** Mr. Blackwell gave an update on the Agency's progress with the Board of Supervisors and the budget. At the end of last year, we received approval on the budget amendments that were approved by the Commission at the Budget and Finance Committee, as well as an extension for the Yerba Buena project area for one year. This is commensurate with the legislation that was passed at the State level. The last and final step on the budget issues as they relate to the Board of Supervisors is to seek authorization for the Agency to get financing approval for the \$28.6M payment to the State. This is the last step related to the State payment obligation. There has been a significant interest expressed to reinstate the process of the establishment of a project area in mid-market. We have begun the process at the staff level, reviewing what the steps will be, and to what extent the ten years of planning that had been previously done on this will help us in any way moving forward.
9. **COMMISSIONERS' QUESTIONS AND MATTERS:** None.
10. **CLOSED SESSION:** None.
11. **ADJOURNMENT:**

It was moved by Commissioner Breed, seconded by Commissioner Singh, and unanimously carried that the meeting be adjourned at 6:00 p.m.

Respectfully submitted,

Gia S. Casteel-Brown  
Acting Agency Secretary

**ADOPTED:**