

**RESOLUTION NO. 11-2010**

*Adopted February 2, 2010*

**AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH MSPDI TURK, LLC, A WHOLLY-OWNED SUBSIDIARY OF MICHAEL SIMMONS PROPERTY DEVELOPMENT, INC., A CALIFORNIA CORPORATION, FOR THE SALE OF THE PROPERTY AT 1345 TURK STREET FOR \$648,000 AND FOR THE DEVELOPMENT OF 32 LOW- AND MODERATE-INCOME OWNERSHIP UNITS, AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; CITYWIDE TAX INCREMENT HOUSING PROGRAM**

**BASIS FOR RESOLUTION**

1. On February 11, 2003, the Agency Commission authorized an agreement with the City and County of San Francisco ("City"), a municipal corporation, for the acquisition and disposition of the real property located on a portion of Block 756, Lot 001 at 1345 Turk Street, San Francisco, California in the Citywide Tax Increment Housing Program ("Site").
2. On April 22, 2003, the City's Board of Supervisors approved the sale of the Site (and adjoining Muni Substation) to the Redevelopment Agency of the City and County of San Francisco ("Agency"); approved the interdepartmental transfer of jurisdiction over 1345 Turk Street from the Municipal Agency to the City's Arts Commission; and authorized the Director of Property to enter into an agreement for the sale of such real property for the development of affordable housing, arts and community uses, and other public beneficial uses.
3. On May 2, 2003, an Agreement for Sale of Real Estate was executed by and between the City as Seller and the Agency as Buyer for the sale and purchase of the Site. Escrow closed on the Site on June 9, 2003.
4. On September 1, 2006, the Agency issued a Request for Proposals ("RFP") for the development of affordable first-time homebuyer units for low- and moderate-income households. The RFP sought high-quality proposals from experienced developers capable of building approximately 32 units on the Site.
5. On April 17, 2007, by Resolution No. 30-2007, the Agency Commission authorized the Agency Executive Director to negotiate and execute an Exclusive Negotiations Agreement with Michael Simmons Property Development, Inc., which defined a series of milestones leading to the execution of a disposition and development agreement.

6. On or about May 11, 2007, Michael Simmons Property Development, Inc. created a wholly owned subsidiary named MSPDI Turk, LLC to negotiate and fulfill its obligations to enter into a Disposition and Development Agreement (“DDA”) with the Agency and to construct the Improvements on the Site. Agency staff has been negotiating the DDA with MSPDI Turk, LLC (“Developer”).
7. The DDA will require the Developer to construct and develop 32 units of affordable townhomes and flats for low- and moderate-income households, including common areas, parking and open space (“Project” or “Improvements”). The unit distribution shall be approximately 7 one-bedroom (22%), 17 two-bedroom (53%), and 8 three-bedroom (25%) condominiums, priced to be affordable on average to households earning 80% of area median income (“AMI”), ranging from 70% to 100% AMI.
8. On May 18, 2004, the Agency Commission adopted Resolution No. 55-2004, adopting the Mitigated Negative Declaration (“MND”) for the 2004 Amendment of the Western Addition A-2 Redevelopment Plan (“Redevelopment Plan”), which included development of the 1345 Turk Street site. Subsequently, the Agency Commission adopted Resolution No. 35-2008 on April 15, 2008, conditionally approving the schematic design for the development of approximately 32 low- and moderate-income, first-time homeownership units at 1345 Turk Street and determining the action to be an Implementing Action of the Redevelopment Plan. In Resolution No. 35-2008, the Agency Commission also adopted findings pursuant to the California Environmental Quality Act (“CEQA”) and a Mitigation Monitoring and Reporting Program.
9. Subsequent to these Commission actions, Agency staff re-evaluated the determinations of the MND in light of minor changes to the proposed development of the Muni Substation Building at Turk and Fillmore Streets and the former Central Freeway Parcel C at Golden Gate Avenue and Franklin Street. Agency staff then completed and published an addendum to the MND (“Addendum”) on November 3, 2008. The Addendum concluded that the revisions to the proposed development of the Muni Substation Building and Central Freeway Parcel C would not result in any new or substantially more adverse significant effects or require any new mitigation measures not identified in the final MND, and that the conclusions reached in MND remained valid.
10. The MND was prepared pursuant to CEQA Guidelines Section 15070 *et. seq.* The Addendum was prepared pursuant to CEQA Guidelines Section 15164.
11. Agency staff has considered and reviewed the MND and Addendum, and has determined that the proposed DDA with MSPDI Turk, LLC is another Implementing Action of the Redevelopment Plan and within the scope of the development at the 1345 Turk Street site analyzed in the MND and the Addendum, consistent with State CEQA Guidelines Sections 15162 and 15164.

12. The MND, Addendum, and related documents 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.
13. The environmental findings adopted in accordance with CEQA by the Agency Commission in Resolutions No. 55-2004, 35-2008, and 127-2009 were and remain adequate, accurate and objective and are incorporated herein by reference as applicable to the current Implementing Action.
14. In order to fulfill the Agency's development obligations concerning the Site and secure the Developer's obligation to construct 32 low- and moderate-income ownership units as part of the Citywide Tax Increment Housing Program, the Agency must transfer title through the proposed DDA.

### **RESOLUTION**

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco that: (1) the Agency has reviewed and considered the Mitigated Negative Declaration and Addendum and hereby adopts the CEQA findings set forth above and in Resolutions No. 55-2004, 35-2008, and 127-2009, incorporated herein; and (2) the Executive Director is authorized to execute a Disposition and Development Agreement (and related documents) with MSPDI Turk, LLC, a California limited liability company and a wholly owned subsidiary of Michael Simmons Property Development, Inc., a California corporation, for the sale of the property at 1345 Turk Street for \$648,000 and for the development of 32 low- and moderate-income ownership units; as part of the Citywide Tax Increment Housing Program, substantially in the form lodged with the Agency General Counsel.

**APPROVED AS TO FORM:**



*for* James B. Morales 11/27/10  
Agency General Counsel