

**RESOLUTION NO. 86-2010**

*Adopted June 15, 2010*

**AUTHORIZING A GROUND LEASE AND A TAX INCREMENT  
LOAN AGREEMENT IN AN AMOUNT NOT TO EXCEED  
\$15,465,000 WITH MHRSC, L.P., A CALIFORNIA LIMITED  
PARTNERSHIP, FOR THE DEVELOPMENT OF MARY HELEN  
ROGERS SENIOR COMMUNITY, 100 UNITS OF VERY LOW-  
INCOME SENIOR RENTAL HOUSING ON CENTRAL FREEWAY  
PARCEL C, SOUTHWEST CORNER OF GOLDEN GATE  
AVENUE AND FRANKLIN STREET, AND MAKING  
ENVIRONMENTAL FINDINGS PURSUANT TO THE  
CALIFORNIA ENVIRONMENTAL QUALITY ACT;  
CITYWIDE TAX INCREMENT HOUSING PROGRAM**

**BASIS FOR RESOLUTION**

1. In November 1999, the voters of San Francisco approved Proposition I, which encouraged development of housing, particularly affordable housing, on the former Central Freeway Parcels transferred by the State of California Department of Transportation to the City of San Francisco (the "City") that were not necessary for the rebuilding of the City's transportation infrastructure, including the property at the southwest corner of Golden Gate Avenue and Franklin Street known as Parcel C (the "Site").
2. On October 22, 2001, by Resolution No. 824-01, the City Board of Supervisors ("Board of Supervisors") approved the sale of the Site to the Redevelopment Agency of the City and County of San Francisco (the "Agency") for the express purpose of building affordable senior housing. The Agency and City executed a Transfer of Real Estate Agreement on March 19, 2002, which implemented the Board of Supervisors' resolution.
3. On May 18, 2004, the Commission adopted Resolution No. 55-2004, adopting the Mitigated Negative Declaration ("MND") prepared jointly with the City's Planning Department for potential development of a number of sites in the former Western Addition Redevelopment Project Area A-2, including the Site. In adopting the MND, the Commission found the MND reflected the independent judgment and analysis of the Agency, was adequate, and had been prepared in accordance with and in compliance with the California Environmental Quality Act ("CEQA") and the State CEQA Guidelines.
4. On February 7, 2006, the Commission authorized the Agency Executive Director to execute an Exclusive Negotiations Agreement (the "ENA") with a development team to develop, own, and manage the Site (the "Development Team").

5. On June 20, 2006, the Commission adopted Resolution No. 87-2006, conditionally approving a Schematic Design for the proposed 100-unit senior affordable rental housing project on the Site (the "Project" or the "Mary Helen Rogers Senior Community") and adopted CEQA findings that the Schematic Design was an Implementing Action within the scope of the Project analyzed in the MND and that no additional environmental review was required pursuant to State CEQA Guidelines Sections 15162 and 15164.
6. Subsequent to this Commission action, Agency staff re-evaluated the determinations of the MND in light of minor changes to the proposed development at the Site and of the Muni Substation Building at Turk and Fillmore Streets. 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.
7. The MND was prepared pursuant to CEQA Guidelines Section 15070 *et. seq.* The Addendum was prepared pursuant to CEQA Guidelines Section 15164.
8. On February 7, 2007, the ENA expired because the Development Team could not achieve the supportive services related milestones.
9. On July 21, 2008, the Agency released a Request for Proposals for development teams to own, operate, and provide related supportive services for the Project.
10. On September 29, 2008, a total of four development teams submitted proposals, and all applications were considered qualified. The four teams presented to the Western Addition Citizens Advisory Committee on November 13, 2008 and December 11, 2008. On December 15, 2008, after all the development teams were interviewed by an interdisciplinary evaluation panel (the "Panel"), the Developer was selected based on its submitted proposal and the Panel recommended that the Agency enter into an ENA with the development team of Chinatown Community Development Center and Em Johnson Interest, Inc. (the "Developer", together "MHRSC, L.P.").
11. On May 5, 2009, the Commission approved an ENA with the Developer and a Predevelopment Loan Agreement in an amount not to exceed \$203,880.
12. The Developer is now requesting two actions related to the submission of a Tax Credit application in July 2010: (1) a 50-year Ground Lease with a 49-year option to extend; and, (2) a Tax Increment Loan Agreement in an amount not to exceed \$15,465,000. The terms of the funding include a 55-year, 1% interest loan, which is payable from residual receipts.
13. The Western Addition Redevelopment Project Area A-2 expired as a redevelopment project area in January 2009 and reverted to the jurisdiction of the

City and County of San Francisco. Accordingly, the Central Freeway Parcel C site is within the City's Market and Octavia Plan area.

14. The San Francisco Planning Commission certified the Final Environmental Impact Report for the Market and Octavia Plan (the "FEIR"), and adopted environmental findings pursuant to CEQA on April 5, 2007, in Motions No. 17406 and 17407, respectively. Agency staff has determined that the proposed Ground Lease and Tax Increment Loan Agreement with MHRSC, L.P. are Implementing Actions of the development of Central Freeway Parcel C that is included in the Market and Octavia Plan (the "Project") and requests that the Agency Commission adopt findings in accordance with CEQA for these Implementing Actions. Staff, in making the necessary findings for the Implementing Actions contemplated herein, considered and reviewed the FEIR. Documents related to the Implementing Actions 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 and Tax Increment Agreement for the development of very low-income senior 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 and Tax Increment Agreement are Implementing Actions for the development of the Project pursuant to the approval of the Schematic Design granted by the Agency Commission in Resolution No. 87-2006 and pursuant to the Planning Commission actions in Motions No. 17406 and 17407, and requires no additional environmental review pursuant to State CEQA Guidelines Section 15096 for the following reasons:
  - a. The Implementing Actions 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 Actions 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.

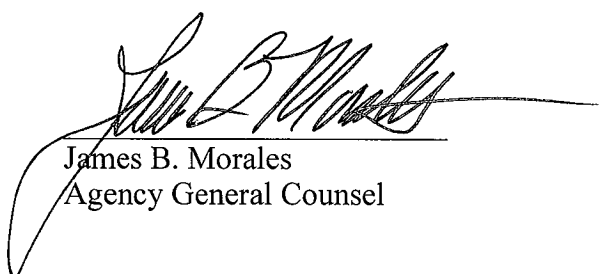
3. The Agency Commission hereby further finds, pursuant to State CEQA Guidelines Section 15091, that the FEIR and Planning Commission Motions No. 17406 and 17407 were and remain adequate, accurate and objective and are applicable to the Implementing Actions.
4. The Agency Commission hereby declares the 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 and 17407, 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 Market and Octavia 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 Mitigated Negative Declaration and Addendum and has considered the Market and Octavia Plan Final Environmental Impact Report and hereby adopts the CEQA findings set forth herein and (2) it authorizes the Executive Director to execute a Ground Lease with MHRSC, L.P., a California limited partnership, and to execute a Tax Increment Loan Agreement in an amount not to exceed \$15,465,000, for the development of the Mary Helen Rogers Senior Community, 100 units of very low-income senior housing on Central Freeway Parcel C, southwest corner of Golden Gate Avenue and Franklin Street, substantially in the form lodged with the Agency General Counsel; Citywide Housing Tax Increment Program.

**APPROVED AS TO FORM:**



James B. Morales  
Agency General Counsel