

RESOLUTION NO. 87-2010

Adopted June 15, 2010

CONDITIONALLY APPROVING A SCHEMATIC DESIGN PROPOSED BY FOLSOM ESSEX LLC, A CALIFORNIA LIMITED LIABILITY CORPORATION, AND GRANTING VARIATIONS FROM THE PARCEL DIMENSIONS, OPEN SPACE, RETAIL DEPTH AND BIKE PARKING REQUIREMENTS OF THE DEVELOPMENT CONTROLS AND DESIGN GUIDELINES FOR THE TRANSBAY REDEVELOPMENT PROJECT AREA FOR THE DEVELOPMENT OF APPROXIMATELY 120 UNITS OF VERY LOW-INCOME SUPPORTIVE RENTAL HOUSING, TRANSBAY BLOCK 11A, SOUTHEAST CORNER OF FOLSOM AND ESSEX STREETS, AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; TRANSBAY 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 “Law”), the Redevelopment Agency of the City and County of San Francisco (the “Agency”) undertakes programs for the reconstruction or construction in blighted areas in the City and County of San Francisco.
2. In accordance with the Law, the City and County of San Francisco (the “City”), acting through its Board of Supervisors, approved a Redevelopment Plan for the Transbay Redevelopment Project Area (the “Project Area”) by Ordinance No. 124-05, adopted on June 21, 2005 and by Ordinance No. 99-06, adopted on May 9, 2006. In cooperation with the City, the Agency is responsible for implementing the Transbay Redevelopment Plan (the “Redevelopment Plan”).
3. The Redevelopment Plan has a significant affordable housing component. State law requires that at least 35% of all new housing units developed within the Project Area must be affordable housing, or approximately 950 of the 2,650 units. In order to meet the various housing needs of very low-, low- and moderate-income residents, the Agency supports the development of a wide variety of affordable housing types including family rental housing, senior housing, first-time homeowner housing, and supportive housing.
4. On October 27, 2008, the Agency, in collaboration with the San Francisco Department of Public - Health Housing and Urban Health Unit (“DPH-HUH”), issued a Housing Development with Intensive Supportive Services Request for Proposals (the “RFP”) for applicants to develop, own, and operate (including the provision of intensive supportive services), approximately 100-120 studios and one-bedroom units of supportive housing for extremely low-income and formerly homeless individuals referred by DPH-HUH on Transbay Block 11A (the “Project”), located at the southeast corner of Folsom and Essex Streets in the

Project Area. Agency staff made extensive outreach efforts to attract submittals from qualified developers by the December 22, 2008 deadline. A summary of the RFP was provided to the Agency Commission in an informational memorandum at its October 7, 2008 meeting.

5. The major western portion of the property is currently owned by Caltrans, but it will be transferred to the City and subsequently to the Agency pursuant to: (1) the Cooperative Agreement between the Transbay Joint Powers Authority (“TJPA”) and the City, and (2) the Option Agreement among TJPA, the City and the Agency. The Agency will transfer site control to the Developer through a long-term ground lease agreement. The eastern portion of the property is currently part of 515 Folsom Street and will also be transferred to the City and subsequently to the Agency pursuant to an agreement that is being negotiated with the owners of 515 Folsom Street.
6. A selection panel composed of Agency staff, a representative from DPH-HUH, and a representative from the Transbay Citizens Advisory Committee (“CAC”), unanimously determined that the applicant team consisting of a partnership between BRIDGE Housing (“BRIDGE”) and Community Housing Partnership (“CHP”) (the “Developer”) with Leddy Maytum Stacy Architects, and the University of California, San Francisco’s Citywide Case Management Program had the strongest submittal. A summary of the selection process was provided to the Agency Commission in an informational memorandum at its March 11, 2009 meeting.
7. BRIDGE and CHP have formed a limited liability corporation (“LLC”), named Folsom Essex LLC (the “Developer”) to act as developer for the Project. The LLC has two members, MCB Family Homes LLC and CHP as co-managing members. MCB Family Homes LLC is an affiliated entity of BRIDGE with overlapping officers with BRIDGE. Folsom Essex LLC will become the managing general partner of a tax credit limited partnership that will later admit an investor member. BRIDGE and CHP will act as co-developers of the Project. While CHP will be responsible for operating the building, BRIDGE will remain in the LLC until the Project is placed in service. If it is necessary for financing purposes, BRIDGE will remain a partner in the LLC for the entire tax credit compliance period. At the time of construction loan closing, all obligations of Folsom Essex LLC will be assigned to the to-be-formed limited partnership.
8. On August 4, 2009, by Resolution Nos. 92-2009 and 93-2009, the Agency entered into an Exclusive Negotiations Agreement (the “ENA”) and Predevelopment Loan Agreement (the “Loan Agreement”) in the amount of \$3,181,995, both with Folsom Essex LLC, a California limited liability corporation comprised of BRIDGE and CHP.
9. The Schematic Design for the proposed Project is in harmony with the Project Area’s Development Controls and Design Guidelines (“DCDG”). Due to the project type and the specific programming requirements of the population being served, the following items are requested to be approved as variations:

- a. Approval of 15 secure bike spaces. As the anticipated resident population will be formerly homeless adults referred by the San Francisco Department of Public Health, the population is anticipated to require fewer bike parking spaces than the 42 spaces required under the DCDG.
 - b. Approval of open space as provided in the Project. The open space requirement for Block 11A is 1,920 SF. The proposed plan includes 2,095 SF of residential open space. Part of the proposed residential open space is within the area of "Block Open Space" designated for the building's light and air needs. As such, a variation is requested for the proposed square feet within the "Block Open Space" to be counted towards the required residential open space. The proposed residential open space will ensure appropriate light and air for both the Project and the neighboring buildings.
 - c. Approval of the retail space depth. In order to accommodate the necessary programming for supportive housing, the retail spaces along Folsom Street are approximately three to five feet shy of the required minimum depth of 30 feet.
 - d. Approval to adjust the parcel dimensions. In order to accommodate retail space on Folsom Street and services throughout the ground floor, the parcel depth has been increased from 83.5 feet to 128.5 feet.
10. On April 29, 2010, the Developer and its architect presented the Schematic Design to the CAC; the CAC was supportive of the Developer's Schematic Design.
11. Agency staff recommends approval of the Schematic Design, subject to a satisfactory resolution of the following design concerns during the next phase of work:
- a. In order to further enhance visual interest for pedestrians, more detailed studies of the blank walls of the utility rooms along Essex Street shall be subject to further staff review and approval.
 - b. Detailed landscape drawings for all open space areas for the project shall be subject to further staff review and approval.
 - c. Although the open space around the skylights on the second floor is not accessible to tenants, further studies are required to provide privacy screens to the neighboring units near the community garden on the second floor.
 - d. The building's colors and additional finishes and architectural detailing are subject to further review and approval by Agency staff during the design development phase. Material and color samples shall be provided as part of the review as well as a material and color mock-up of sufficient size to be built on the construction sites during an early phase of construction.

12. On April 20, 2004, the Agency Commission adopted Resolution No. 45-2004, certifying the Final Environmental Impact Statement/Environmental Impact Report (the "Final EIS/EIR") for the Transbay Redevelopment Project, and on January 25, 2005 adopted Resolution No. 11-2005, adopting findings under the California Environmental Quality Act ("CEQA"), a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program in connection with the adoption of the Redevelopment Plan. The Board of Supervisors and the Planning Commission adopted similar findings. Because the Final EIS/EIR includes evaluation of the proposed Transbay Terminal, TJPA also adopted environmental findings.
13. On June 2, 2006, TJPA adopted an Addendum to the Final EIS/EIR (the "Addendum"), pursuant to CEQA Section 15164, which assessed the additional use of the temporary Transbay Terminal by Greyhound, another transit carrier. TJPA adopted a Second Addendum on April 19, 2007, which assessed modifications of the rail tracks and underground tunnels leading to the Transbay Terminal. In adopting each Addendum, TJPA determined that modifications to the Project would not require subsequent environmental review and would not require major revisions to the Final EIS/EIR.
14. The Final EIS/EIR is a program EIR under CEQA Guidelines Section 15168 and a redevelopment plan EIR under CEQA Guidelines Section 15180. The Final EIS/EIR is also a project EIR under CEQA Guidelines Section 15161 for certain structures and facilities, including the Temporary Terminal.
15. On August 4, 2009, the Agency Commission adopted Resolution No. 92-2009 authorizing the ENA with the Developer and Resolution No. 93-2009 authorizing the Tax Increment Loan Agreement with the Developer, in conjunction with the development of approximately 120 units of very low-income supportive housing on Transbay Block 11A, finding that the development of approximately 120 units of very low-income supportive housing on Transbay Block 11A was within the scope of the Project analyzed in the Final EIS/EIR and Addenda for the Transbay Redevelopment Project, and no additional environmental review was required, pursuant to CEQA Guidelines Sections 15180 and 15168. In making that finding, the Agency determined that the ENA and the Tax Increment Loan Agreement would lead to subsequent construction of supportive housing on Transbay Block 11A, and therefore, were Implementing Actions of the Transbay Redevelopment Project.
16. Agency staff has considered and reviewed the Final EIS/EIR and Addenda, and has determined that the approval of the schematic design and granting variations from the parcel dimensions, open space, retail depth, and bike parking requirements of the Development Controls and Design Guidelines for the Project Area is an Implementing Action facilitating construction of supportive housing on Transbay Block 11A in a manner that is consistent with the Transbay Redevelopment Project evaluated in the Final EIS/EIR and Addenda. Staff finds that the schematic design and variations from the requirements of the Development Controls and Design Guidelines will not change the scope of the Project analyzed in the Final EIS/EIR and Addenda, that 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 Final EIS/EIR and Addenda, that no substantial changes have occurred with respect to the circumstances under which the Project would be undertaken, that no new information of substantial importance to the project analyzed in the Final EIS/EIR and Addenda has become available, and that the environmental findings of Resolutions No. 11-2005, 92-2009, and 93-2009 remain valid and are applicable to the current Implementing Action.

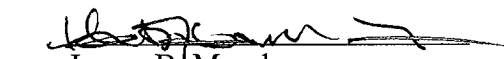
17. The Final EIS/EIR and Addenda have been and continue to be available for review by the Agency Commission and the public and are part of the record before the Agency Commission.

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 EIS/EIR and Addenda and hereby adopts the CEQA findings set forth in Resolutions No. 11-2005, 92-2009, and 93-2009, incorporated herein, and those set forth above; and,
- (2) The Schematic Design for the project proposed by Folsom Essex LLC, a California limited liability corporation, for the development on Transbay Block 11A including granting variations from the parcel dimensions, open space, retail depth and bike parking requirements of the Development Controls and Design Guidelines for the Transbay Redevelopment Project Area is hereby conditionally approved, subject to resolution of the design conditions to Agency staff's satisfaction at the next phase of design, provided that such refinements do not alter the Schematic Design.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel