

## RESOLUTION NO. 88-2010

*Adopted June 15, 2010*

### **AUTHORIZING A FIRST AMENDMENT TO THE EXCLUSIVE NEGOTIATIONS AGREEMENT WITH FOLSOM ESSEX LLC, A CALIFORNIA LIMITED LIABILITY CORPORATION, TO REVISE THE SCHEDULE OF PERFORMANCE FOR THE DEVELOPMENT OF APPROXIMATELY 120 UNITS OF VERY LOW-INCOME SUPPORTIVE RENTAL HOUSING, TRANSBAY BLOCK 11A, SOUTHEAST CORNER OF FOLSOM AND ESSEX STREETS; 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 (the “Site”) 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.

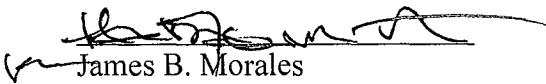
5. The major western portion of the property is currently owned by Caltrans, but it will be transferred to the City and subsequently to the Agency pursuant to: (1) the Cooperative Agreement between the Transbay Joint Powers Authority (“TJPA”) and the City, and (2) the Option Agreement among TJPA, the 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 Community Housing Partnership 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 Developer has worked diligently to meet all of the milestones outlined in Attachment 2 to the ENA, the Schedule of Performance. Developer has met all of the milestones that were required to date, including selecting a general contractor and submitting schematic design documents, with the exception of execution of the Disposition and Development Agreement (“DDA”).

10. The Developer has been required to spend more time than anticipated on the schematic design process to ensure that design comments from neighborhood residents, the CAC, and the Agency were appropriately addressed.
11. While the Developer, along with Agency staff, have made progress on the DDA, it is not yet complete. Staff believes that the Developer's progress to date in meeting the ENA milestones combined with its commitment to ensuring that the Project design meets the needs of the residents, while also addressing the issues and concerns of the neighborhood residents and the CAC, justifies authorizing an updated Schedule of Performance.
12. Authorizing the First Amendment to the ENA ("First Amendment") is an Agency administrative activity that is not a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(5). The First Amendment will not cause any physical change in the environment and is not subject to environmental review under CEQA.

## RESOLUTION

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to enter into a First Amendment to the Exclusive Negotiations Agreement with Folsom Essex LLC, a California limited liability corporation, to revise the Schedule of Performance for the development of approximately 120 units of supportive housing for formerly homeless individuals, on Transbay Block 11A, southeast corner of Folsom and Essex Streets, in the Transbay Redevelopment Project Area, substantially in the form lodged with the Agency General Counsel.

### APPROVED AS TO FORM:

  
James B. Morales  
Agency General Counsel