

## **RESOLUTION NO. 127-2010**

*Adopted October 19, 2010*

**AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT AND GROUND LEASE WITH FOLSOM ESSEX LLC, A CALIFORNIA LIMITED LIABILITY CORPORATION, AND AUTHORIZING ACTIONS RELATED TO THE ACCEPTANCE OF THE PARCEL BY THE AGENCY, ALL IN CONJUNCTION WITH THE DEVELOPMENT OF APPROXIMATELY 120 UNITS OF VERY LOW-INCOME SUPPORTIVE RENTAL HOUSING, TRANSBAY BLOCK 11A, SOUTHEAST CORNER OF FOLSOM AND ESSEX STREETS AND MAKING 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 and rehabilitation of blighted areas in the City and County of San Francisco (the "City") and has adopted a redevelopment project area known as the Transbay Redevelopment Project Area (the "Project Area").
2. In accordance with the Law, the City acting through its Board of Supervisors, approved a Redevelopment Plan for 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. 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 City Planning Commission adopted similar findings. Because the Final EIS/EIR includes evaluation of the proposed Transbay Terminal, TJPA also adopted environmental findings.
4. The Final EIS/EIR includes by reference a number of addenda. The addenda include the following:

- a. Addendum #1 – adopted by the TJPA on June 2, 2006, assessed the additional use of the temporary Transbay Terminal by Greyhound, another transit carrier.
  - b. Addendum #2 – adopted by the TJPA on April 19, 2007, assessed modifications of the rail tracks and underground tunnels leading to the Transbay Terminal.
  - c. Addendum #3 – adopted by the TJPA on January 17, 2008, evaluated the addition of 546 Howard Street to the Transbay Terminal project.
  - d. Addendum #4 – adopted by the TJPA on October 17, 2008, evaluated the configuration, boarding platforms and passenger waiting areas, and bus staging areas of the Temporary Terminal, and associated modifications to bus lanes on surrounding streets.
  - e. Addendum #5 – adopted by the TJPA on April 9, 2009, evaluated the building design of the new Transit Center.
5. 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.
  6. 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. The development of approximately 120 units of very low-income supportive housing on Transbay Block 11A is an undertaking pursuant to and in furtherance of the Redevelopment Plan in conformance with CEQA Sections 15180 and 15168.
  7. 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.
  8. 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 for applicants to develop, own, and operate (including the provision of intensive supportive services), approximately 100-120 studio and one-bedroom units of supportive housing for extremely low-income and formerly homeless individuals referred by DPH-HUH (the “Project”). The Project will be located at the southeast corner of Folsom and Essex Streets in the Project Area (the “Property” or the “Site”).

9. The Agency selected the applicant team consisting of BRIDGE Housing Corporation ("BRIDGE"), Community Housing Partnership ("CHP"), Leddy Maytum Stacy Architects, and the University of California San Francisco's Citywide Case Management Program. MCB Family Housing, Inc., an affiliate of BRIDGE and CHP, has formed Folsom Essex LLC, a California limited liability corporation (the "Developer"), to act as Developer for the Project.
10. A portion of the Property is currently owned by the State of California, acting by and through its Department of Transportation ("Caltrans") (the "Caltrans Property") 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 (the "Cooperative Agreement"), and (2) the Option Agreement between TJPA (the "Option Agreement"), the City and the Agency. The remaining portion of the Property is currently part of 515 Folsom Street, San Francisco, California (the "515 Property") and this portion will also be transferred to the City and subsequently to the Agency. The Agency will then enter into a Ground Lease with the Developer. The Site or Property is generally comprised of the 515 Property and the Caltrans Property (the "Project Site").
11. At its meeting on August 4, 2009, the Agency Commission, through Resolutions No. 92-2009 and No. 93-2009, authorized the Agency Executive Director to execute an Exclusive Negotiations Agreement ("ENA") and a Predevelopment Loan with the Developer to enable the Developer to pursue predevelopment activities for the construction and management of the Project.
12. At its meeting on June 15, 2010, the Agency Commission, through Resolutions No. 87-2010 and No. 88-2010, approved the Project's Schematic Design along with an amendment to the ENA to update the Project's Schedule of Performance.
13. The Agency now intends to enter into a Disposition and Development Agreement ("DDA") to establish the terms and preconditions to be met in order for the Agency and Developer to enter into the Ground Lease.
14. After the City acquires both of these parcels, the City's Department of Public Works ("DPW"), through a required subdivision mapping process, will merge these two parcels to form the Project Site. Agency staff is working with Caltrans, DPW, the City's Department of Real Estate ("DRE"), and the City Attorney's staff to ensure that the Project Site is delivered to the Agency by mid-2011. DRE staff has requested that Caltrans transfer ownership of the Site to the City, as required by the Option Agreement. Staff anticipates that this will be done within the next few months. Once the Site is transferred to the City, DRE and DPW staff will work to complete the land transfer with the owners of the 515 Property. This will then create the Project Site appropriate for the proposed future uses. Once these actions are complete, the Agency will exercise its option to take ownership of the Project Site, as required by the Option Agreement. Agency staff will enter into a letter agreement with DPW and DRE for these services. The expenses of these services will be paid by TJPA, as provided for in the Intergovernmental Agreement for Reimbursement of Redevelopment Agency Administrative Fees between TJPA and the Agency.

15. The Memorandum of Agreement (“MOA”) between the Federal Transit Administration, the State Historic Preservation Officer, and the TJPA outlines archeological requirements for Project sites within the Project Area. Pursuant to the MOA, the TJPA has completed an Archaeological Research Design and Treatment Plan (“ARDTP”) for the Existing Transbay Transit Terminal and Ramp Demolition, Utility Relocation, and New Transit Center Foundation Excavation (“DURF”) in April 2010. The Area of Potential Effects for the DURF ARDTP includes Block 11A. Accordingly, the Agency is required to complete a project ARDTP to determine the likelihood that potentially significant historic or prehistoric cultural resources are present on the Project Site, and describe the appropriate treatment of such resources. The Agency is not subject to the MOA, and therefore, the Executive Director will enter into a letter agreement with TJPA affirming that the Agency will require the Developer to complete the ARDTP, and follow the appropriate treatment recommended by the plan in the event that potentially significant historic or prehistoric cultural resources are present at the Project Site. The Developer is currently negotiating with William Self Associates, the consultants who completed the DURF ARDTP for the TJPA, to complete an ARDTP for the Project Site.
16. The Agency will enter into the Ground Lease for the Project at the close of construction financing for the Project.
17. The 35% affordable housing requirement applies to the Project Area as a whole, rather than to individual blocks and parcels. As a result, some parcels, such as Block 11A, will have 100% affordable housing, while others, such as Block 8, will have less than 35% affordable housing. The minimum affordable housing requirement for individual parcels is 15%, per the Redevelopment Plan. However, Caltrans has expressed the concern that in the event some undeveloped parcels are returned to Caltrans pursuant to the Cooperative Agreement, those parcels will be required to achieve 35% affordable housing without consideration for the affordable housing that has already been approved and/or completed on other parcels. Therefore, in order to address these concerns, the Agency agrees that the affordable housing on Block 11A shall be added to the total amount of housing to be constructed on Blocks 6, 8 and/or 9, the next three parcels to be developed in the Project Area, in order to increase the overall percentage of affordable housing calculated for those three parcels. In return, Caltrans agrees to relinquish its power of termination on Block 11A upon the approval of this Resolution and in advance of the disposition and development of Blocks 6, 8, and 9.
18. On August 4, 2009, the Agency Commission adopted Resolution No. 92-2009 authorizing the Exclusive Negotiations Agreement 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 is within the scope of the Project analyzed in the Final EIS/EIR and addenda, and no additional environmental review is required,

pursuant to CEQA Guidelines Sections 15180 and 15168. In making that finding, the Agency determined that the Exclusive Negotiations Agreement 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.

19. Agency staff has reviewed the DDA and Ground Lease and related actions for Transbay Block 11A and finds the proposed actions to be Implementing Actions to facilitate construction of supportive housing on Transbay Block 11A and within the scope of the Project analyzed in the Final EIS/EIR and subsequent addenda and no additional environmental review is required pursuant to State CEQA Guidelines Sections 15180 and 15168.
20. Agency staff, in making the necessary findings for the Implementing Actions contemplated herein, considered and reviewed the Final EIS/EIR and addenda, has made documents related to the Implementing Actions, the Final EIS/EIR, and addenda available for review by the Agency Commission and the public, and these files are part of the record before the Agency Commission.
21. The Final EIS/EIR findings and statement of overriding considerations adopted in accordance with CEQA by the Agency Commission by Resolution No. 11-2005 dated January 25, 2005 were and remain adequate, accurate and objective and are incorporated herein by reference as applicable to the Implementing Actions.

## FINDINGS

The Agency finds and determines that the DDA and Ground Lease are Implementing Actions within the scope of the project analyzed in the Final EIS/EIR and Addenda and requires no additional environmental review pursuant to State CEQA Guidelines Sections 15180, 15168, 15162 and 15163 for the following reasons:

1. The Implementing Actions are within the scope of the project analyzed in the Final EIS/EIR and Addenda 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 Final EIS/EIR;
2. No substantial changes have occurred with respect to the circumstances under which the project analyzed in the Final EIS/EIR and Addenda was undertaken that would require major revisions to the Final EIS/EIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the Final EIS/EIR; and,
3. No new information of substantial importance to the project analyzed in the Final EIS/EIR and Addenda has become available which would indicate that (a) the Implementing Actions will have significant effects not discussed in the Final EIS/EIR; (b) significant environmental effects will be substantially more severe; (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (d) mitigation measures or

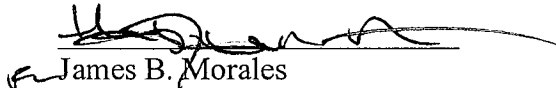
alternatives which are considerably different from those in the Final EIS/EIR will substantially reduce one or more significant effects on the environment.

## 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 findings and statement of overriding considerations and hereby adopts the CEQA findings set forth in Resolution No. 11-2005 incorporated herein and those set forth above.
2. The Executive Director is authorized to enter into a Disposition and Development Agreement and Ground Lease with Folsom Essex LLC, a California limited liability corporation, and authorizing actions related to the transfer of parcel to the Agency from the City, all in conjunction with the development of approximately 120 units of very low-income supportive rental housing on Transbay Block 11A, located at the southeast corner of Folsom and Essex Streets, in the Transbay Redevelopment Project Area, substantially in the form lodged with the Agency General Counsel; and enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction; and
3. The affordable housing on Block 11A may be applied to the total level of housing on Blocks 8 and 9 and counted toward the overall 35% affordable housing requirement for the Project Area with respect to those two future developments in return for the California State Department of Transportation's agreement to relinquish its power of termination on Block 11A upon the approval of this Resolution.

**APPROVED AS TO FORM:**

  
James B. Morales  
Agency General Counsel