

RESOLUTION NO. 55-2011

Adopted May 3, 2011

AUTHORIZING A PURCHASE AND SALE AGREEMENT WITH MCCORMACK BARON SALAZAR, INC., A MISSOURI CORPORATION, FOR THE SALE OF REAL PROPERTY LOCATED AT THE EAST SIDE OF ARELIOS WALKER DRIVE AT GILMAN AVENUE, ASSESSOR'S PARCEL NUMBER 4884/27, AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA; CITYWIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, Section 33000 *et seq.*), the Redevelopment Agency of the City and County of San Francisco (the "Agency") undertakes programs for the reconstruction and rehabilitation of blighted areas and for the purpose of increasing, improving, and preserving San Francisco's supply of affordable housing.
2. On March 23, 2007, the HOPE SF Task Force recommended to the Mayor and Board of Supervisors of the City and County of San Francisco (the "City") that the City pursue the rebuilding of San Francisco's most distressed public housing sites, including the Alice Griffith Housing Development ("Alice Griffith"), while increasing affordable housing and ownership opportunities, improving the quality of life for existing residents, and bringing together in one community new housing units of different income levels and building types.
3. On June 3, 2008, the voters of the City and County of San Francisco adopted Proposition G, the Jobs Parks and Housing Initiative ("Proposition G"), for revitalization of Candlestick Point and Phase II of Hunters Point Shipyard through the development of a mixed-use project (the "Project"). Proposition G encouraged the rebuilding of Alice Griffith as part of the Project, consistent with the objectives set forth in Proposition G and subject to consultation with the residents of Alice Griffith and approval by all applicable governmental agencies. The voters also encouraged the City, the Agency, and other public agencies with applicable jurisdiction to proceed as expeditiously as possible to implement Proposition G.
4. On June 3, 2010, the Agency Commission and the San Francisco Planning Commission, acting together as co-lead agencies for conducting environmental review for the Project, adopted Resolution No. 58-2010 and Motion No. 18096, respectively. Resolution No. 58-2010 and Motion No. 18096 certified a Final Environmental Impact Report (the "Phase II Final EIR") for development of Phase II of the Shipyard and Candlestick Point as adequate, accurate, and

objective and in compliance with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) (“CEQA”) and the CEQA Guidelines (14 California Code of Regulations Sections 15000 et seq.). Also on June 3, 2010, by Resolution No. 59-2010, the Agency Commission adopted CEQA findings, a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program for the Project.

5. The Phase II Final EIR is a project EIR under CEQA Guidelines Section 15161 and a redevelopment plan EIR under CEQA Guidelines Section 15180.
6. The Agency Commission then adopted Resolution No. 69-2010 on June 3, 2010, and authorized the Agency Executive Director to execute a Disposition and Development Agreement (the “DDA”) with CP Development Co., LP (“CP Development”), for the Project. The Agency Commission based its action on the CEQA findings set forth in Resolution No. 59-2010.
7. The DDA includes a Below Market-Rate Housing Plan (“Housing Plan”) that describes the planned revitalization of Alice Griffith, including the one-for-one replacement of all 256 existing Alice Griffith units, 248 new affordable family rental units, another 700 market-rate and below market-rate housing units, a new park and open space, and new community facilities (“Alice Griffith Plan”).
8. On July 6, 2010, by Resolution No. 93-2010, the Agency Commission authorized the Agency Executive Director to execute a Memorandum of Understanding between the Agency, the San Francisco Housing Authority (“Housing Authority”), the Mayor’s Office of Housing, and the San Francisco Office of Economic and Workforce Development, which memorializes the parties’ interest in revitalizing Alice Griffith and sets forth their roles and responsibilities required to advance this goal, in conformance with the principles and goals of HOPE SF, Proposition G, and the DDA.
9. In order to implement its responsibilities regarding Alice Griffith under the DDA, CP Development entered into a joint venture development agreement with McCormack Baron Salazar, Inc. (“MBS”), in recognition of MBS’s experience and expertise in public housing replacement projects. On October 14, 2010, the Housing Authority Commissioners authorized the Housing Authority’s Executive Director to execute an Exclusive Negotiating Rights Agreement for the Alice Griffith Plan (“ENRA”) with CP Development and MBS that sets forth the procedures and standards by which the Housing Authority and the developers shall proceed with the revitalization program.
10. The Alice Griffith Plan requires substantial financial resources. The Agency has committed in the DDA to providing a portion of this funding, but non-Agency and non-City funds are required. On October 5, 2010, staff provided the Commission with an Informational Memorandum advising that the Agency, the Housing Authority, and MBS, as well as other Alice Griffith stakeholders, would be submitting a first round application to the United States Department of Housing and Urban Development (“HUD”) for approximately \$30 million in Choice

Neighborhoods Initiative Grant funding (“Choice Neighborhoods”) for the Alice Griffith Plan. On March 18, 2011, HUD notified the Alice Griffith development team that it had selected the Alice Griffith Plan submission among 42 applicants as a “Round 2” finalist.

11. A threshold requirement of the Choice Neighborhoods Round 2 application is that the submission’s “Applicants,” as that term is defined by HUD, have site control of all property required for constructing replacement units for the distressed public or assisted housing site at the center of the application’s transformation plan. For Alice Griffith, MBS and the Housing Authority are Applicants.
12. Assessor’s Block 4884, Lot 27 is an Agency-owned site located along the eastern side of Arelious Walker Drive, at Gilman Avenue (“Property”). It abuts Alice Griffith, and, at approximately 2.348 acres, forms a portion of the approximately 27 acres that must be assembled as Alice Griffith Plan parcels. In order to secure the opportunity to apply for Choice Neighborhoods funds, and to implement the Alice Griffith Plan, the Agency has agreed to enter into a purchase and sale agreement (“Agreement”) with MBS, as the lead Alice Griffith developer, in order to establish the site control required by HUD.
13. If HUD does not award Choice Neighborhoods funds for the Alice Griffith Plan, the proposed Agreement is terminable by the Agency. If the Alice Griffith Plan receives a Choice Neighborhoods award, closing conditions will apply, principally that certain portions, or potentially all, of the Property has been designated as a lot specifically for the development of Alice Griffith replacement units and new affordable family rental units (“Alice Griffith Lot”). The subdivided Alice Griffith Lot will ultimately transfer to MBS (or its Agency-approved affiliate) or the Housing Authority in connection with a future disposition and development and master development agreement approved by HUD and the Authority (“Alice Griffith DDA”) and in conformance with the Alice Griffith Plan. The Agency will retain ownership of any portion of the Property not ultimately designated as an Alice Griffith Lot, and it will remain subject to the DDA.
14. The proposed Agreement does not require a cash payment because the Alice Griffith Lot will be reappraised at the time of the Alice Griffith DDA execution, and factored into a larger financing program that will include low-income housing tax credits, developer subsidy, and Housing Authority land transfers. The total value of the Property attributable to the Alice Griffith Lot will be counted as an Agency contribution to the Alice Griffith replacement projects.

15. Agency staff, in reviewing the Agreement, has considered and reviewed the Phase II Final EIR and has determined that the land transfer under the Agreement would be an Implementing Action for the Candlestick Shipyard Phase II Project. As a result, no further environmental review will be required for the Commission to authorize the Agreement.
16. The Agreement itself is an Agency fiscal activity that will not cause any change in the physical environment.
17. At the federal level, HUD will not disburse Choice Neighborhoods funds until it has approved the Project's environmental certification required under 24 CFR Part 58.
18. No substantial changes have occurred with respect to the Project analyzed in the Phase II Final EIR that would require a new EIR or amendment to the Phase II Final EIR.
19. The environmental findings adopted in accordance with CEQA by the Agency Commission in Resolution No. 59-2010 were and remain adequate, accurate and objective and are incorporated herein by reference as applicable to the current Implementing Action.

FINDINGS

The Agency finds and determines that the Purchase and Sale Agreement between the Agency and McCormack Baron Salazar, Inc.: (i) is an Implementing Action within the scope of both the DDA and the Project analyzed in the Phase II Final EIR and (ii) requires no additional environmental review pursuant to Sections 15180, 15161, 15162 and 15163 of State CEQA Guidelines. The Agency makes the above findings based on the following:

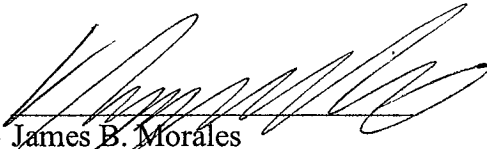
- A. The Implementing Action does not incorporate substantial changes into the Project analyzed in the Phase II Final EIR, and will not require any further revisions to the Phase II Final EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.
- B. No substantial changes have occurred with respect to the circumstances under which the Project analyzed in the Phase II Final EIR was or will be undertaken that would require further revisions to the Phase II Final EIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the Phase II Final EIR.

- C. No new information of substantial importance to the Project analyzed in the Phase II Final EIR has become available, which would indicate any of the following: (i) the Implementing Action will have significant effects not discussed in the Phase II Final EIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible that would reduce one or more significant effects have become feasible; or (iv) mitigation measures or alternatives that are considerably different from those in the Phase II Final 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 (1) that it has reviewed and considered the Phase II Final EIR and any additional environmental documentation in the Agency's files and hereby adopts the CEQA findings set forth in Resolution No. 59-2010 and those findings set forth above; (2) that the Executive Director is authorized to execute, substantially in the form lodged with the Agency General Counsel, the Purchase and Sale Agreement for the transfer of Assessor's Block 4884, Lot 27 for the purpose of revitalizing the Alice Griffith Public Housing site, and to enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

APPROVED AS TO FORM:


for James B. Morales
Agency General Counsel