

Commission on Community Investment and Infrastructure

RESOLUTION NO. 57-2013

Adopted December 3, 2013

ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, CONDITIONALLY AUTHORIZING AN ASSIGNMENT, ASSUMPTION AND RELEASE AGREEMENT FOR BLOCK 7 WEST WITH THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, SAN FRANCISCO AND MISSION BAY BLOCK 7 HOUSING PARTNERS, L.P., AND CONDITIONALLY AUTHORIZING AN AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT WITH MISSION BAY BLOCK 7 HOUSING PARTNERS, L.P. TO CONSTRUCT 200 AFFORDABLE RESIDENTIAL UNITS ON BLOCK 7 WEST PURSUANT TO THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

WHEREAS, In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, Section 33000 *et seq.* the “CRL”), the former San Francisco Redevelopment Agency (the “Agency”) undertook programs for the reconstruction and construction of blighted areas in the City and County of San Francisco; and,

WHEREAS, In accordance with the CRL, the City, acting through its Board of Supervisors, approved a Redevelopment Plan for the Mission Bay South Redevelopment Project Area (the “Project Area”) by Ordinance No. 335-98 adopted on November 2, 1998. The Redevelopment Plan is referred to as the “Mission Bay South Redevelopment Plan.” In cooperation with the City, the Agency was responsible for implementing the Mission Bay South Redevelopment Plan; and,

WHEREAS, On September 17, 1998, the Agency Commission adopted Resolution No. 182-98 which certified the Final Subsequent Environmental Impact Report (“FSEIR”) as a program EIR for Mission Bay North and South pursuant to the California Environmental Quality Act (“CEQA”) and State CEQA Guidelines Sections 15168 (Program EIR) and 15180 (Redevelopment Plan EIR). On the same date, the Agency Commission also adopted Resolution No. 183-98, which adopted environmental findings (and a statement of overriding considerations), in connection with the approval of the Redevelopment Plan and other Mission Bay project approvals (the “Mission Bay Project”). The San Francisco Planning Commission (“Planning Commission”) certified the FSEIR by Resolution No. 14696 on the same date. On October 19, 1998, the Board of Supervisors adopted Motion No. 98-132 affirming certification of the FSEIR by the Planning Commission and the Agency, and Resolution No. 854-98 adopting environmental findings and a statement of overriding considerations for the Mission Bay Project; and,

WHEREAS, Subsequent to certification of the FSEIR, the Agency has issued several addenda to the FSEIR, as described below. The addenda do not identify any substantial new information or new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the FSEIR. Hereinafter, the Final Subsequent Environmental Impact Report, including any addenda thereto, shall be collectively referred to as the “FSEIR”; and,

WHEREAS, The first addendum, dated March 21, 2000, analyzed temporary parking lots to serve the AT&T Ballpark. The second addendum, dated June 20, 2001, analyzed revisions to 7th Street bike lanes and relocation of a storm drain outfall provided for in the Mission Bay South Infrastructure Plan, a component of the Mission Bay South Owner Participation Agreement (the “OPA”). The third addendum, dated February 10, 2004, analyzed revisions to the Mission Bay South Design for Development (“Design for Development”) with respect to the maximum allowable number of towers, tower separation and requires step-backs. The fourth addendum, dated March 9, 2004, analyzed the Design for Development with respect to the permitted maximum number of parking spaces for bio-technical and similar research facilities and the Mission Bay North OPA with respect to changes to reflect a reduction in permitted commercial development and associated parking. The fifth addendum, dated October 4, 2005, analyzed the UCSF proposal to establish a Phase I 400-bed hospital in the Mission Bay South Redevelopment Project Area (“Mission Bay South”) on Blocks 36-39 and X-3. The sixth addendum, dated September 10, 2008, addressed revisions of the UCSF Medical Center at Mission Bay. The seventh addendum, dated January 7, 2010, addressed the construction of a Public Safety Building on Block 8 in Mission Bay South. The eighth addendum, dated May 15, 2013, addressed the third Mission Bay South OPA amendment on Block 1 to allow residential uses in addition to a hotel. The ninth addendum, dated May 30, 2013, addressed the fourth Mission Bay South OPA to allow an institutional use on Block 7 East; and,

WHEREAS, The Mission Bay South Redevelopment Plan provides for the redevelopment, construction and revitalization of the area generally bounded by the China Basin Channel, Seventh and Mariposa Streets, and the San Francisco Bay and containing approximately 238 acres of land. The Mission Bay South Redevelopment Plan anticipates and describes a mixed-use development comprised of public open space, retail, commercial, entertainment uses, and parking and loading uses; and,

WHEREAS, The Mission Bay South OPA between the Agency and FOCIL-MB, LLC (the “Master Developer”) provides that the Master Developer will contribute land to the former Agency, at no cost, for the development of affordable housing and the Agency will oversee the development of up to one thousand four hundred forty-five (1,445) affordable housing units in the Project Area; and,

WHEREAS, The Regents of the University of California (“The Regents”) and the former Agency entered into a Disposition and Development Agreement for Block 7 East in the Project Area, on October 18, 2005 (the “2005 DDA”) to develop affordable housing. The former Agency and The Regents entered into a second Disposition and Development Agreement on March 18, 2010 to, among other things, develop affordable housing on Block 7 West (the “2010 DDA,” and together with the 2005 DDA, the “DDAs”); and,

WHEREAS, On June 4, 2013, the Commission on Community Investment and Infrastructure (the “Commission”) conditionally approved a Fourth Amendment to the Mission Bay South OPA (“Fourth Amendment”) to remove the affordable housing restriction on Block 7 East and to allow the Master Developer to convey Block 7 East to Family House, Inc. On June 10, 2013, the Oversight Board approved the Fourth Amendment. On June 10, 2013, the Office of Community Investment and Infrastructure (“OCII”) provided a copy of the Oversight Board Resolution No. 5-2013 to the California Department of Finance, which did not object to the Fourth Amendment within the statutory time period for its review, so the Fourth Amendment has now been approved by all required regulatory bodies; and,

WHEREAS On June 4, 2013, The Regents terminated its rights to Block 7E and paid, pursuant to the 2005 DDA, \$5 million in liquidated damages to OCII for affordable housing; and,

WHEREAS, Mission Bay Block 7 Housing Partners, L.P., a California limited partnership (the “Developer”) wishes to ground lease Block 7 West, as modified by a lot line adjustment between Block 7 West and Block 7 East (Assessor’s Block 8711, Lot 31 and a portion of Lot 32) (the “Site”), and develop, own and operate an affordable housing project with approximately 200 residential units that shall be affordable on average up to 60% of Area Median Income (the “Residential Space”) and approximately 10,000 square feet of retail space thereon (the “Commercial Space,” and together with the Residential Space, the “Project”); and,

WHEREAS, The Regents desire to: (i) assign the 2010 DDA from The Regents to Developer through an Assignment, Assumption and Release Agreement (“Assignment”); (ii) make a payment of \$2,400,000 to OCII in lieu of the liquidated damages payment required under the 2010 DDA; and (iii) amend and restate the 2010 DDA to reflect the assignment to the Developer and the revised Project (the “Amended and Restated Disposition and Development Agreement” or “Amended Block 7 West DDA”); and,

WHEREAS, On June 18, 2013, the Commission approved a pre-development loan in the amount of \$2 million to the Developer for the Project through Resolution No. 30-2013 (“Pre-development Loan”) with the condition that disbursement of the pre-development loan funds is subject to Commission approval of the Amended Block 7 West DDA (“Pre-development Loan Condition”); and,

WHEREAS, On November 25, 2013, the Oversight Board approved, by Resolution No. 12-2013, the Long Range Property Management Plan (“PMP”) governing OCII’s disposition of real property under Redevelopment Dissolution Law and included the disposition of the Site on line 5 of the Property Inventory Data for the Mission Bay Affordable Housing Program. OCII has transmitted the PMP to the California Department of Finance (“DOF”) for its review and approval; and,

WHEREAS, Additional approvals may be required of the Commission to fully implement the Project, such as additional pre-development funds, a permanent loan and a long term ground lease (“Ground Lease”); and,

WHEREAS, The FSEIR is a program EIR under CEQA Guidelines Section 15168 and a redevelopment plan EIR under CEQA Guidelines Section 15180. Approval of the Assignment and Amended Block 7 West DDA is an undertaking pursuant to and in furtherance of the Plan in conformance with CEQA Section 15180 (“Implementing Action”); and,

WHEREAS, OCII staff, in making the necessary findings for the Implementing Action contemplated herein, considered and reviewed the FSEIR, and has made documents related to the Implementing Action and the FSEIR files available for review by the Commission and the public, and these files are part of the record before the Commission; and,

WHEREAS, The FSEIR findings and statement of overriding considerations adopted in accordance with CEQA by the Agency Commission by Resolution No. 183-98 dated September 17, 1998, reflected the independent judgment and analysis of the Agency, were and remain adequate, accurate and objective and were prepared and adopted following the procedures required by CEQA, and the findings in said resolutions are incorporated herein by reference as applicable to the Implementing Action; and,

WHEREAS, A copy of the Assignment and the Amended Block 7 West DDA are on file with the Secretary of this Commission; now therefore, be it

RESOLVED, That the Commission finds and determines that approval of the Assignment and the Amended Block 7 West DDA is an Implementing Action within the scope of the Project analyzed in the FSEIR and requires no additional environmental review pursuant to State CEQA Guidelines Sections 15180, 15162 and 15163 for the following reasons:

1. The Implementing Action is within the scope of the Project analyzed in the FSEIR 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 FSEIR; and,
2. No substantial changes have occurred with respect to the circumstances under which the Project analyzed in the FSEIR was undertaken that would require major revisions to the FSEIR due to the involvement of new

significant environmental effects, or a substantial increase in the severity of effects identified in the FSEIR; and,

3. No new information of substantial importance to the Project analyzed in the FSEIR has become available which would indicate that (a) the Implementing Action will have significant effects not discussed in the FSEIR; (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 FSEIR will substantially reduce one or more significant effects on the environment; and, be it further

RESOLVED, That the Commission has reviewed and considered the FSEIR findings and statement of overriding considerations and hereby adopts the CEQA findings set forth in Agency Commission Resolution No. 183-98, which are incorporated herein, and those set forth above; and, be it further

RESOLVED, The Commission conditionally authorizes the Executive Director to execute an Assignment, Assumption and Release Agreement for Block 7 West with The Regents and Mission Bay Block 7 Housing Partners, L.P., and an Amended and Restated Disposition and Development Agreement with Mission Bay Block 7 Housing Partners, L.P. to construct 200 affordable residential units, each substantially in the form of the agreement on file with the Secretary of the Commission and approved as to form by the City Attorney, and to make such changes to the agreements that are in the best interest of OCII and do not materially increase the obligations or liability of OCII, and to take any additional actions necessary to consummate the transaction subject to final approval of the California Department of Finance (“DOF”) of the Site’s disposition, which may occur through: a) DOF’s issuance of a Final and Conclusive Determination that the Mission Bay South Owner Participation is an enforceable obligation under Redevelopment Dissolution Law; or b) approval of the Property Management Plan, the Ground Lease or other disposition action; and be it further

RESOLVED, The Commission finds that this conditional approval of the Amended Block 7 West DDA complies with the Pre-development Loan Condition and the pre-development loan funds approved by the Commission in Resolution No. 30-213 can be dispersed per the terms of the Pre-development Loan.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of December 3, 2013.



Commission Secretary