

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

**RESOLUTION NO. 81-2014
Adopted September 12, 2014**

APPROVING A GROUND LEASE THAT INCORPORATES THE ACCEPTANCE OF AN ASSIGNMENT OF DEED OF TRUST AND PROMISSORY NOTE WITH AMCAL PACIFIC POINTE FUND, L.P., WITH HPS DEVELOPMENT CO., L.P., FOR A 59-UNIT (PLUS ONE MANAGER'S UNIT) AFFORDABLE HOUSING DEVELOPMENT SERVING VERY LOW-INCOME FAMILIES AT BLOCK 49 PURSUANT TO THE 6TH AMENDMENT TO THE PHASE 1 HUNTERS POINT SHIPYARD DISPOSITION AND DEVELOPMENT AGREEMENT; HUNTERS POINT SHIPYARD REDEVELOPMENT AREA

- WHEREAS, Under Chapter 5, Statutes of 2011, ABx1 26, and Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session) (collectively, the "Dissolution Law"), the San Francisco Redevelopment Agency ("SFRA") was dissolved and the non-affordable housing obligations of SFRA were transferred to the successor agency, now known as the Office of Community Investment and Infrastructure or "OCII," the successor to the San Francisco Redevelopment Agency by operation of law; and,
- WHEREAS, As required by the Dissolution Law, the City timely established the oversight board for OCII (the "Oversight Board"), which has been meeting since March 2012 to perform its duties under the Dissolution Law; and,
- WHEREAS, On October 2, 2012, the Board of Supervisors in its capacity as the legislative body of the Successor Agency adopted Ordinance No. 215-12, acknowledging that OCII is a separate legal entity as a result of AB 1484 and creating the Community Investment and Infrastructure Commission (the "Commission") as the policy body of OCII to implement three Major Approved Development Projects (1- Hunters Point Shipyard/Candlestick Point, 2- Mission Bay, and 3- Transbay), together with certain housing obligations (the "Retained Housing Obligations"), and other enforceable obligations under the Dissolution Law; and,
- WHEREAS, On December 2, 2003 the SFRA Commission authorized the Phase 1 DDA with HPS Development Co., LP, ("Lennar" or the "Master Developer") for the first phase of the Project's development. The Phase 1 DDA has been amended six times, as follows: 1) on April 5, 2005, a First Amendment to the DDA; 2) on October 17, 2006, a Second Amendment to the DDA; 3) on August 5, 2008, a Third Amendment to the DDA; 4) on August 19, 2008, a Fourth Amendment to the DDA; 5) on November 30, 2009, a Fifth Amendment to the DDA; and 6) on December 19, 2012, Sixth Amendment to the DDA (the "Sixth Amendment"); and,

- WHEREAS, The Phase 1 DDA obligates Lennar to construct the infrastructure necessary to support the vertical development of 1,498 residential units in the Phase 1 development, and 26 acres of open space and parks. At least 10.5 percent of the 1,280 units constructed by Vertical Developers will be affordable at 80 percent of Area Median Income ("AMI"), 59 units will be affordable at 50 percent of AMI, and OCII will cause to be constructed 218 units at deeper levels of affordability; and,
- WHEREAS, The Sixth Amendment includes OCII dedicating the site as an affordable housing site for the construction of fifty-nine (59) 50% AMI units (plus one manager's unit), comprised of 27 one bedroom, 21 two bedroom, and 12 three bedroom units, which includes 1 manager's unit, 44 parking spaces, and other ancillary uses. On-site amenities include a laundry room, common areas, and bicycle storage; and,
- WHEREAS, The Commission conditionally approved the Block 49 Designs submission on October 15, 2013, and approved the Vertical Lease Development and Disposition Agreement and Option to Ground Lease with the Developer on February 18, 2014; and,
- WHEREAS, AMCAL Pacific Pointe Fund, L.P., a joint venture between AMCAL Multi Housing and Young Community Developers Inc. ("AMCAL/YCD" or "Tenant") and OCII have entered into that certain Vertical Lease Disposition and Development Agreement (Hunters Point Shipyard Phase 1 - Block 49) dated as of February 18, 2014 (the "VLDDA"), governing the rights and obligations of the Parties as they relate to development of the affordable housing project on the Site as described in the VLDDA and the conditions to delivery of the site to the Tenant for the construction, operation and maintenance of the Project; and,
- WHEREAS, The Tenant is now requesting to enter into a fifty-five (55) year ground lease (with one forty-four (44) year option) in connection with the development and operation of the Project (the "Ground Lease Agreement"); and,
- WHEREAS, The VLDDA and the Ground Lease are in furtherance of and is necessary to complete an Enforceable Obligation that existed before June 28, 2011, are in furtherance of and necessary to implement the Redevelopment Plan, and are in the best interests of OCII, Tenant, the Master Developer and the taxing entities; and,
- WHEREAS, The Tenant has agreed to reimburse the Master Developer for costs incurred by the Master Developer in connection with the construction of certain infrastructure and off-site improvements by the Master Developer that benefit the Site in the form of a promissory note in the amount of Four Million One Hundred Thousand Dollars (\$4,100,000) (the "Off-Site Improvements Loan"). The Tenant will pay the principle and interest on the Offsite Improvements Loan from Surplus Cash as set forth in the promissory note and the Ground Lease; and,
- WHEREAS, Through the Ground Lease the parties have agreed that the Master Developer shall assign its interest in the Off-Site Improvements Loan (including the right to receive any payments from Surplus Cash) to the landlord under the

Ground Lease (i.e., OCII), and any transfer of landlord's interest in the Ground Lease shall include a concurrent transfer of the right to receive payments under the Off-Site Improvements Loan; and,

WHEREAS, Upon completion of the Project, OCII intends to transfer Block 49, together with its interest in the Ground Lease Agreement and the Off-Site Improvements Loan, to MOHCD as the designated Successor Housing Agency of the City and County of San Francisco under Board Resolution 11-12, as required by Dissolution Law; and,

WHEREAS, The SFRA Commission and the San Francisco Planning Commission ("Planning Commission") adopted California Environmental Quality Act ("CEQA") findings, a statement of overriding considerations, and certified the Final Environmental Impact Report for Phase 1 in 2000 ("Phase 1 EIR"), and subsequently issued a First and Second Addendum to the Phase 1 EIR in 2003 and 2006, respectively, to address project changes. The Commission has received the Phase 1 EIR and the Phase 1 EIR was made available to the public during prior Commission meetings. Additionally, the SFRA Commission and the Planning Commission certified the Final EIR for Phase 2 ("Phase 2 EIR") in 2010 and adopted findings and a statement of overriding considerations. The Phase 2 EIR updated the transportation analysis and transportation plan, including the transportation system management plan, for Phase 1 and Phase 2 of the Shipyard; and,

WHEREAS, On January 7, 2014, the OCII Commission approved Candlestick Point-Hunters Point Shipyard Phase II -Addendum 1 (together with the Phase 2 EIR, the "Environmental Documents"). Addendum No. 1 analyzed changes to the implementation of transportation system improvements, including: (1) the provision of some interim transit service that would serve the CPHPSII Project until permanent transit service is warranted when the Project is further built-out; (2) reconfiguration of Arelious Walker Drive to provide a more walkable roadway; (3) improvements to the bicycle network; (4) other minor modifications to roadway configurations to ensure consistent design principles throughout the CPHPSII Project, establish a consistent BRT alignment, reorient certain streets in Candlestick Point, revise the bicycle network, and widen by four feet the non-stadium Yosemite Slough Bridge alternative, and reorient the street grid in Hunters Point South. Addendum No. 1 also addressed minor revisions to Mitigation Measures TR-16 Widen Harney Way and UT-2 Auxiliary Water Supply System. Addendum No. 1 concluded no further environmental review beyond the CPHPSII FEIR is required to approve the Project; and,

WHEREAS, A copy of the Ground Lease Agreement is on file with the Secretary of this Commission; now, therefore, be it

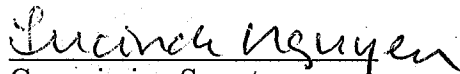
RESOLVED, That since the Environmental Documents were finalized, there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the Environmental Documents due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and

there is no new information of substantial importance that would change the conclusions set forth in the Environmental Documents; and, be it further

RESOLVED, That the Commission on Community Investment and Infrastructure authorizes the Executive Director to execute a Ground Lease Agreement, substantially in the form of the agreement on file with the Secretary of the Commission, for an initial a term of fifty-five (55) years, with a one forty-four (44) year option, for the development of 59 very low-income family rental housing units (plus one manager's unit), and to enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction with respect to the Block 49 Project as described in the Ground Lease Agreement and this resolution; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to take such other actions as may be necessary or appropriate, in consultation with the City Attorney's Office, to effectuate the purpose of the intent of this resolution.

I hereby certify that the foregoing resolution was adopted by the Commission on Community Investment and Infrastructure at its meeting of September 12, 2014.


Commission Secretary