

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 3-2018

Adopted February 20, 2018

AUTHORIZING AN EXCLUSIVE NEGOTIATIONS AGREEMENT AND A PREDEVELOPMENT LOAN AGREEMENT IN AN AMOUNT NOT TO EXCEED \$5,000,000, WITH MISSION BAY 9 LP, A CALIFORNIA LIMITED PARTNERSHIP, FOR THE DEVELOPMENT OF APPROXIMATELY 141 AFFORDABLE RENTAL HOUSING UNITS (INCLUDING ONE MANAGER'S UNIT) WITH SUPPORTIVE SERVICES FOR FORMERLY HOMELESS PERSONS AT MISSION BAY SOUTH BLOCK 9, PROVIDING NOTICE THAT THIS APPROVAL IS WITHIN THE SCOPE OF THE MISSION BAY REDEVELOPMENT PROJECT APPROVED UNDER THE MISSION BAY FINAL SUBSEQUENT ENVIRONMENTAL IMPACT REPORT ("FSEIR"), A PROGRAM EIR, AND ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; 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 Redevelopment Agency of the City and County of San Francisco (the "Former Agency") undertook programs for the reconstruction and construction of blighted areas in the City and County of San Francisco (the "City"); and,

WHEREAS, In accordance with the CRL, the City, acting through its Board of Supervisors ("Board"), 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 "South Plan." In cooperation with the City, the Former Agency was responsible for implementing the South Plan; and,

WHEREAS, The South 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 South 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 Owner Participation Agreement and its Attachment C, Mission Bay South Housing Program, (the "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 one thousand one hundred and eight (1,108) affordable housing units in the Project Area, with the ability to construct an additional 110 affordable housing units, pending assessment of the development impacts and any necessary approvals, for a maximum total of one thousand two hundred and eighteen (1,218) affordable housing units; and,

- WHEREAS, Since its approval in 1998, the South OPA has identified Block 9 of the Project Area as an Approved Site for affordable housing, Exhibit F, Mission Bay South Housing Program Approved Sites, to Attachment C, Mission Bay South Housing Program; and,
- WHEREAS, Pursuant to California Health and Safety Code §§ 34170 *et seq.* (the “Redevelopment Dissolution Law”), the Former Agency was dissolved as of February 1, 2012; and,
- WHEREAS, On February 10, 2004, the Former Agency approved, by Resolution No 25-2004, the Major Phase for Blocks 8, 9, 9a, 10, 10a, and Parks P18, P19, and P20 that included Mission Bay South Block 9 as an affordable housing site; and,
- WHEREAS, The Successor Agency to the Redevelopment Agency of the City and County of San Francisco (commonly known as the Office of Community Investment and Infrastructure) (the “Successor Agency” or “OCII”) is completing the enforceable obligations of the Former Agency in the Project Area, under the authority of the CRL as amended by the Redevelopment Dissolution Law, and under San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency Commission (“Commission”) and delegating to the Commission the state authority under the Redevelopment Dissolution Law); and,
- WHEREAS, On January 24, 2014, the California Department of Finance (“DOF”) determined “finally and conclusively” that the South OPA, including its affordable housing obligations and tax allocation pledge agreement is an enforceable obligation under the Dissolution Law; and,
- WHEREAS, On December 20, 2016, the Commission held a publicly noticed workshop on OCII’s Annual Affordable Housing Production Report for Fiscal Year 2015-2016 (“Report”). The OCII staff presentation and the Report identified Mission Bay South Block 9 as the proposed site of a project for the formerly homeless population; and,
- WHEREAS, At the Commission’s public hearing on April 4, 2017, the OCII Executive Director and Staff presented a Housing Development Request for Proposals (“RFP”) to develop and operate affordable rental housing units with supportive services for formerly homeless persons on Mission Bay South Block 9. After review and discussion of the RFP, the Commission did not object to the issuance of the RFP; and,
- WHEREAS, On April 6, 2017, OCII initially issued the RFP, and, on June 7, 2017, OCII issued a revised RFP, which RFP is incorporated herein by this reference, to develop and operate affordable rental housing units with supportive services for formerly homeless persons on Mission Bay South Block 9 and develop the extension of Bridgeview Way, on parcels identified as Block 8719, Lots 003 and 004 of that certain map entitled “Final Map Planned Development Mission Bay (9-9A and 10-10A)”, recorded on May 31, 2005 and filed on pages 6-10 in Book BB of the County’s Survey Maps (the “Site”). Under the RFP, OCII requested that applicants submit information about the use of alternative construction technologies, e.g. the use of modular units or components, in addition to the use of conventional construction methods; and,

- WHEREAS, OCII received two submittals in response to the RFP, and determined that the applicant team consisting of BRIDGE Housing Corporation and Community Housing Partnership (together, “Developer”), and the architecture firm Leddy Maytum Stacy Architects was well-suited to develop the Site. Developer submitted an application that was responsive to the RFP and included, among other things, information about the feasibility of using modular units or components for the construction of the project. The Developer proposed the construction of approximately 141 units designated for occupancy by formerly homeless persons, referred by the San Francisco Department of Homelessness and Supportive Housing (“HSH”) and a pedestrian-oriented extension of Bridgeview Way (the “MBS 9 Project”); and,
- WHEREAS, On October 17, 2017 the Commission approved, by Resolution No. 38-2017, the selection of the Developer as the MBS 9 Project development team; and,
- WHEREAS, The Citywide Affordable Housing Loan Committee (the “Loan Committee”) reviewed OCII staff’s evaluation of the request for funding at its meeting on January 19, 2018, and recommended to the Commission that it authorize OCII to provide the Developer with a predevelopment loan in an amount not to exceed \$5,000,000 (the “Funds”) subject to certain terms and conditions (the “Loan”); and,
- WHEREAS, Under Ordinance No. 215-12 and the Redevelopment Dissolution Law, OCII has the obligation and authority to provide the funds for the MBS 9 Project; and,
- WHEREAS, On January 23, 2017, the Oversight Board of the City and County of San Francisco approved, by Resolution No. 1-2017, an expenditure for funding including MBS 9 through Item No. 415 of the Recognized Obligation Payment Schedule for the period of July 1, 2017 through June 30, 2018 (“ROPS 17-18”); and,
- WHEREAS, The Developer desires to enter into and execute an exclusive negotiations agreement and its attachments, including an Option to Ground Lease (the “ENA”). The ENA’s key components include: a \$10,000 performance deposit; an initial term of twenty-four (24) months, until February 20, 2020 (with up to a twelve-month extension, granted at the discretion of the OCII Executive Director); and a Schedule of Performance that includes performance milestones, including the negotiating of a long-term ground lease that the Commission may consider for approval at a future date; and,
- WHEREAS, A copy of the ENA, and the associated Option to Ground Lease, in substantially final form, is attached to the Commission memorandum associated with this Resolution; and,
- WHEREAS, The Developer desires to enter into and execute a loan agreement and promissory note (the “Predevelopment Loan Documents”), which will provide funding in an amount not to exceed \$5,000,000 for predevelopment work associated with the construction of the MBS 9 Project; and,
- WHEREAS, A copy of the Predevelopment Loan Documents, in substantially final form, is attached to the Commission memorandum associated with this Resolution; and,

- WHEREAS, For purposes of implementation and to ensure consistency with the City's overall affordable housing goals and priorities, OCII has engaged the Mayor's Office of Housing and Community Development ("MOHCD") to provide additional services, construction monitoring, design review, and loan disbursement review and processing. Upon completion of the MBS 9 Project, OCII intends, and is obligated to transfer under Redevelopment Dissolution Law, the affordable housing loan obligation, asset, and ground lease to MOHCD as the designated Housing Successor of the City and County of San Francisco under Board Resolution No. 11-12; and,
- WHEREAS, On September 17, 1998, the Former Agency certified, by Resolution No. 182-98, the Final Subsequent Environmental Impact Report ("FSEIR") 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 Former Agency Commission also adopted, by Resolution No. 183-98, environmental findings (and a statement of overriding considerations), in connection with the approval of the South Plan and other Mission Bay project approvals (the "Mission Bay Project"). The San Francisco Planning Commission ("Planning Commission") certified, by Resolution No. 14696, the FSEIR on the same date. On October 19, 1998, the Board of Supervisors adopted: (1) Motion No. 98-132 affirming certification of the FSEIR by the Planning Commission and the Former Agency; and (2) 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 Former Agency issued several addenda to the FSEIR (the "Addenda"). 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; and,
- WHEREAS, Copies of the FSEIR, addenda, and supporting documentation are on file with the Commission Secretary and are incorporated in this Resolution by this reference; and,
- WHEREAS, The FSEIR is a program EIR under CEQA Guidelines Section 15168 and a redevelopment plan EIR under CEQA Guidelines Section 15180. Authorizing an ENA and Loan for the purpose of developing the MBS 9 Project are undertakings pursuant to and in furtherance of the South Plan in conformance with CEQA Section 15180 ("Implementing Actions"); and,
- WHEREAS, OCII is making the necessary findings for the Implementing Action contemplated herein, has considered and reviewed the FSEIR, and has made documents related to the Implementing Actions 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 that the Former Commission adopted, by Resolution No. 183-98 (September 17, 1998), reflected the independent judgment and analysis of the Former 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 Actions; now, therefore be it,

RESOLVED, The Commission finds and determines that the ENA and Loan documents are Implementing Actions within the scope of the Mission Bay Project analyzed in the FSEIR and require no further environmental review beyond the FSEIR pursuant to the CEQA Section 21166 and CEQA Guidelines Sections 15180, 15162 and 15163 for the following reasons:

- (1) the Implementing Actions are consistent with the Mission Bay Project analyzed in the FSEIR and do not require major revisions to the FSEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant impacts; and,
- (2) no substantial changes have occurred with respect to the circumstances under which the Mission Bay Project analyzed in the FSEIR will be 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 relating to the development of the MBS 9 Project has become available, which would indicate that (i) the MBS 9 Project will have significant effects not discussed in the FSEIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible, which would reduce one or more significant effects, have become feasible; or (iv) mitigation measures or alternatives, which are considerably different from those in the FSEIR, will substantially reduce one or more significant effects on the environment that would change the conclusions set forth in the FSEIR; and, be it further

RESOLVED, The Commission has reviewed and considered the FSEIR and Addenda, and hereby adopts the CEQA findings set forth in Resolutions No. 182-98 and No. 183-98 and hereby incorporates such findings by reference as though fully set forth in this Resolution; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to: (1) enter into the ENA and the Predevelopment Loan Documents for the development of the MBS 9 Project with Mission Bay 9 LP, a California limited partnership, substantially in the form of the documents approved by the OCII General Counsel; (2) make expenditures for the MBS 9 Project consistent with Redevelopment Dissolution Law; and (3) enter into any and all ancillary documents or to take any additional actions necessary to consummate the transaction contemplated by this Resolution.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of February 20, 2018.



Commission Secretary