

Oversight Board to the Successor Agency of the Redevelopment Agency
of the City and County of San Francisco

RESOLUTION NO. 5-2014

Adopted June 9, 2014

RESOLUTION AUTHORIZING THE TRANSFER OF OWNERSHIP AND ASSIGNMENT OF THE PREDVELOPMENT LOAN FOR 200 6TH STREET (ASSESSORS PARCEL NUMBER 3731, LOT 001) TO THE MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT AS SUCCESSOR HOUSING AGENCY.

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 South of Market Earthquake Recovery Redevelopment Project Area (the "Project Area") by Ordinance No. 234-90 adopted on June 11, 1990, as amended by Ordinance No. 276-05 on December 6, 2005. The Redevelopment Plan is referred to as the "South of Market Redevelopment Plan." In cooperation with the City, the Office of Community Investment and Infrastructure ("OCII"), as successor to the Agency, is responsible for implementing the South of Market Redevelopment Plan (the "Redevelopment Plan"); and,

WHEREAS, Through an act of Eminent Domain, the Agency completed acquisition of 200 6th Street (the "Site") on November 12, 2009, for the sum of \$4,600,000. The Site consists of a 9,997 square foot parcel located at Assessor's Parcel Number 3731, Lot 001 and includes the former Hugo Hotel, a four-story single room occupancy hotel that has been vacant and abandoned for over 25 years. The Site was acquired for the purpose of developing low-income housing; and,

WHEREAS, On May 27, 2010, the Agency issued a Housing Development Request for Proposals (the "RFP") for the development and management of very low-income, rental housing and ground floor uses at the Site; and,

WHEREAS, Mercy Housing was selected as the winning RFP respondent for the site and on November 16, 2010, the Agency authorized an Exclusive Negotiations Agreement ("ENA") with Mercy Housing California 51 L.P., a California limited partnership ("Mercy") consisting of the following general partner and initial limited partner: Mercy Housing Calwest, a California nonprofit public

benefit corporation (“Managing General Partner” or “General Partner”) and South of Market Mercy Housing, a California nonprofit public benefit corporation (the “Initial Limited Partner”) , for the development of very low-income family housing at 200 Sixth Street; and,

WHEREAS, The future tenant, Mercy, intends to redevelop the Site with 66 very low-income rental housing units (plus one manager’s unit) (the “Residential Space”) and an approximately 2,550 square foot ground floor retail component (the “Non-Residential Space”), and parking spaces for the Residential Space and other ancillary uses on the Site (together, the “Project”); and,

WHEREAS, The Project has been identified by the future Tenant, Mercy, and approved by U.S. Department of Housing and Urban Development (“HUD”), for a Section 811 award of \$2,377,000 to provide 14 units of supportive housing for developmentally disabled adults; and,

WHEREAS, On January 18, 2011 per Resolution No.5-2011 (“Agency Resolution”), the Agency Commission authorized the Agency Executive Director to execute a Predevelopment Loan (the “Loan”) in an amount not to exceed Three Million Two Hundred One Thousand Nine Hundred Nine Dollars (\$3,201,909) with Mercy , to enable Mercy to pursue predevelopment activities for the construction and management of the Project; and,

WHEREAS, Pursuant to the State Redevelopment Dissolution Law known as AB X1 26, which was subsequently amended under AB 1484 (together, the “Redevelopment Dissolution Law”), the Agency was dissolved as of February 1, 2012. As a result of the Redevelopment Dissolution Law, OCII became the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, and the City and County of San Francisco, acting through the Mayor’s Office of Housing and Community Development (“MOCHD”), became the Housing Successor Agency under Board Resolution 11-12 (January 26, 2012; and,

WHEREAS, The City implemented AB 1484 through Ordinance No. 215-12 (October 4, 2012), in which the City acknowledged that OCII retained the affordable housing obligations associated with the Hunters Point Shipyard/Candlestick Point, Mission Bay North and South, and Transbay Projects (the “Major Approved Development Projects”), and the Agency’s obligation to replace about 6,700 affordable units destroyed in the 1960’s and 1970’s (the “Replacement Housing Obligation”), together known as the “Retained Housing Obligations”. OCII intends to transfer the affordable housing assets for the Retained Housing Obligations to MOHCD as Housing Successor Agency upon completion of each individual project, pursuant to Dissolution Law; and,

WHEREAS, OCII requested \$1,100,000 in Redevelopment Property Tax Trust Funds (“RPTTF”) for a portion of the construction costs of the Project through the Recognized Obligation Payment Schedule for January to June 2014 (“ROPS 13-14B”), in furtherance of OCII’s Replacement Housing Obligation, with MOHCD. planning to contribute the remaining local subsidy needed for the Project; and,

WHEREAS, On December 17, 2013, the California Department of Finance denied OCII’s request to utilize \$1,100,000 in RPTTF funds for the Project, stating that because there was no construction funding contract in place prior to the passage of the Redevelopment Dissolution Law in June 2011, there was no enforceable obligation to provide the requested funds for the Project; and,

WHEREAS, Since OCII cannot provide any future funding to the Project, and since MOHCD was already on planning to provide the majority of local subsidy, OCII desires to transfer the 200 6th Street land and improvements, along with the Predevelopment Loan restrictions, to MOHCD at this time rather than wait until the Project is completed. MOHCD will therefore provide the \$1,100,000 that OCII had intended to provide; and,

WHEREAS, On August 1, 2013, the Planning Commission adopted a Final Environmental Impact Report (“FEIR”) for the proposed Project. The FEIR describes the proposed Project, assesses the potential environmental impacts of the Project, and identifies mitigation measures to preclude significant impacts or reduce such impacts to less than significant levels. The Planning Commission also approved a Conditional Use Application and the Mitigation Monitoring Program that attaches the mitigation measures contained in the FEIR; and,

WHEREAS, The proposed transfer of ownership from OCII to the City is exempt from the California Environmental Quality Act (“CEQA”) on the following grounds:

1. Pursuant to Section 15061(b)(3) of CEQA Guidelines, the transfer of real property is exempt from environmental review under CEQA because it can be seen with certainty that there is no possibility that the transfer may have a significant effect on the environment; and
2. Pursuant to Section 15301 of the State CEQA Guidelines, the transfer of real property is exempt from environmental review under CEQA because the transfer will result in a continuation of existing facilities involving no expansion of use, and any future development for the real property will require separate environmental review (this is already accomplished by FEIR SCH No. 2012082052); and
3. Finally, under Section 15268 of the CEQA Guidelines, transfer of ownership is a ministerial act required under the Redevelopment Dissolution Law.

WHEREAS, Copies of the Exclusive Negotiation Agreement, Predevelopment Loan Agreement, and FEIR are on file with the Secretary of this Oversight Board; now, therefore, be it;

RESOLVED, That the Oversight Board of the Office of Community Investment and Infrastructure authorizes the Executive Director to transfer the asset and assign the predevelopment loan for the development of 66 very low-income family rental housing units, with 14 units for developmentally disabled adults (plus one manager's unit) and a ground floor retail component (formerly known as 200 Sixth Street(Assessor's Block 3731, Lot 001), and to enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

I hereby certify that the foregoing resolution was adopted by the Oversight Board at its meeting of June 9, 2014.

Natasha Jones

Board Secretary