

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 03-2020

**AUTHORIZING AN EXCLUSIVE NEGOTIATIONS AGREEMENT AND A
PREDEVELOPMENT LOAN AGREEMENT IN AN AMOUNT NOT TO EXCEED
\$3,500,000, WITH HUNTERS POINT BLOCK 56, L.P., A CALIFORNIA LIMITED
PARTNERSHIP, FOR THE DEVELOPMENT OF APPROXIMATELY 73
AFFORDABLE FAMILY RENTAL HOUSING UNITS (INCLUDING ONE
MANAGER'S UNIT) AT 11 INNES COURT (HUNTERS POINT SHIPYARD PHASE 1
BLOCK 56), AND PROVIDING NOTICE THAT THIS APPROVAL IS WITHIN THE
SCOPE OF THE HUNTERS POINT SHIPYARD PHASE 1 REUSE FINAL
ENVIRONMENTAL IMPACT REPORT, A PROGRAM EIR; AND ADOPTING
ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA
ENVIRONMENTAL QUALITY ACT; HUNTERS POINT SHIPYARD
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 ("City"), including within the Hunters Point Shipyard ("HPS") Redevelopment Project Area; and,

WHEREAS, Pursuant to California Health and Safety Code §§ 34170 *et seq.* (the "Redevelopment Dissolution Law") and San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency Commission ("Commission") and delegating to it state authority under the Redevelopment Dissolution Law), the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (commonly referred to as the Office of Community Investment and Infrastructure, or "OCII") is responsible for implementing the HPS Redevelopment Project and fulfilling the enforceable obligations under the Hunters Point Shipyard Phase 1 Disposition and Development Agreement between the Former Agency and HPS Development Co, LP (the "Master Developer") (Dec 2, 2003, as currently amended by the First through Seventh Amendments thereto, the "Phase 1 DDA"); and,

WHEREAS, The Phase 1 DDA together with a number of related binding agreements attached to or referenced in the text of the DDA establish a comprehensive set of enforceable obligations that collectively govern implementation of development under the Phase 1 DDA; and,

WHEREAS On December 14, 2012, the California State Department of Finance issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5, that the Phase 1 DDA and related agreements is an enforceable obligation that survived the dissolution of the Former Agency; and,

WHEREAS, The Phase 1 DDA requires the Developer to undertake development of infrastructure in HPS Phase 1 to support 1,428 residential units and 26 acres of open space and parks, and to deliver "finished lots" (i.e., subdivided land improved with

streets, sidewalks, parks, open space and utilities) to be sold to various vertical developers for residential or commercial use, or retained by OCII for the development of affordable housing. At least 10.5 percent of the residential units constructed by vertical developers must be affordable at 80 percent of Area Median Income (“AMI”); and,

WHEREAS, In addition to vertical developers’ affordable housing obligation, OCII intends provide financing to construct at least 218 affordable housing units within Phase 1 (“Agency Affordable Housing Units”), bringing the overall percentage of all of the affordable housing within HPS Phase 1 to a minimum of 27 percent; and,

WHEREAS, At the Commission’s public hearing on September 18, 2019 the OCII Executive Director and Staff presented a Housing Development Request for Proposals (the “RFP”) to develop and operate affordable rental housing units for families on Hunters Point Shipyard Phase 1 Block 56 (“Block 56 Project”). After review and discussion of the RFP, the Commission did not object to its issuance and subsequently, on September 20, 2019, OCII issued the RFP; and,

WHEREAS, On March 7, 2019 an evaluation panel selected the team including Mercy Housing California (MHC) and San Francisco Housing Development Corporation (SFHDC) as co-developers with Mercy Housing Management” as Property Manager, design by Van Meter Williams Pollack. The evaluation panel members consisted of a representative from the Hunters Point Shipyard Citizens Advisory Committee, representatives from the Mayor’s Office of Housing and Community Development (MOHCD), OCII housing staff, one member of the OCII design team and project management staff for the Hunters Point Shipyard Project Area. A representative from OCII’s contract compliance team was present to monitor the process and provided analysis for scoring the Workforce and Contracting Action Plan sections of each submittal. The selected respondents submitted an application that was responsive to the RFP. In selecting the respondents, OCII relied on, among other things, their agreement to comply with all of OCII’s policies, including but not limited to insurance and indemnification requirements found in the RFP; and,

WHEREAS, On January 28, 2019 under Resolution No. 1-2019, as amended by Oversight Board Resolution No. 3-2019 (September 23, 2019), the Oversight Board of the City and County of San Francisco approved an expenditure for funding including the Block 56 Project through Item No. 420 of the Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (“ROPS 19-20”). The California Department of Finance provided final approval of the expenditure for Item No. 420 through its letter dated December 12, 2019; and,

WHEREAS, For purposes of implementation and to ensure consistency with the City’s overall affordable housing goals and priorities, OCII has engaged MOHCD to provide additional services, construction monitoring and design review, and loan disbursement review and processing. Upon completion of the Block 56 Project, OCII intends, and is obligated, to transfer the affordable housing loan obligation, asset, and ground lease to MOHCD as the designated Successor Housing Agency of the City and County of San Francisco under Board Resolution No. 11-12, as required by Redevelopment Dissolution Law; and,

WHEREAS, Hunters Point Block 56, L.P., a California limited partnership (the development entity formed by MHC and SFHDC for the Site, and herein the “Developer”) desires to enter into and execute an exclusive negotiations agreement (the “ENA”) and an associated Option to Ground Lease. The ENA’s key components include: a \$10,000 Performance Deposit; an initial term of eighteen (18) months, until August 17, 2021 (with up to a twelve-month extension, granted at the discretion of the OCII Executive Director); and a Schedule of Performance which includes performance milestones. The ENA is anticipated to lead to a long-term ground lease; 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 on file with the Commission Secretary; 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 \$3,500,000 for predevelopment work associated with the Block 56 Project. Nothing in the Predevelopment Loan Documents authorizes construction activities to take place on the Block 56 Project site. The Predevelopment Loan Documents, in substantially final form, are attached to the Commission memorandum associated with this Resolution and on file with the Commission Secretary; 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 February 7, 2020, and recommended to the Commission that it authorize OCII to provide the Developer with a predevelopment loan in an amount not to exceed \$3,500,000 subject to certain terms and conditions as set out in the Loan Committee’s action and the Predevelopment Loan Documents; and,

WHEREAS, The Former Agency Commission and the San Francisco Planning Commission (“Planning Commission”) certified the Hunters Point Shipyard Phase 1 Reuse Final Environmental Impact Report (“FEIR”), and adopted California Environmental Quality Act (“CEQA”) findings, a mitigation monitoring and reporting program and statement of overriding considerations (collectively “CEQA Findings”) in 2000, and subsequently issued a First and Second Addendum to the Final EIR in 2003 and 2006, respectively, to address project changes (collectively, the FEIR and the CEQA Findings as updated by the First and Second Addenda are referred to as the “Phase 1 EIR”). 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 Former Agency Commission and the Planning Commission certified the Candlestick Point/Hunters Point Shipyard Phase 2 Final Environmental Impact Report in 2010 and adopted CEQA findings, a mitigation monitoring and reporting program and statement of overriding considerations (collectively, “Phase 2 CEQA Findings”), and subsequently issued four addenda, in 2014, 2016, 2018, and 2019, respectively, to address project changes (collectively, the FEIR and Phase 2 CEQA Findings as updated by the four addenda are referred to as the “Phase 2 EIR”). The Phase 2 EIR updated the transportation analysis and transportation plan (including the transportation system management plan) for Phase 1, but the Phase 2 EIR did not identify any new significant

environmental effects or an increase in the severity of significant impacts of the Phase 1 Project previously identified in the Phase 1 EIR; and,

WHEREAS, OCII staff has reviewed the ENA and the Predevelopment Loan Documents and has found them to be within the scope of the project analyzed in the Phase 1 EIR and its subsequent addenda; and,

WHEREAS, Copies of the Phase 1 EIR and Phase 2 EIR and supporting documentation for each are on file with the Commission Secretary and are incorporated into this Resolution by this reference; now therefore be it

RESOLVED, That since the Phase 1 EIR was finalized, there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the Phase 1 EIR 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 Phase 1 EIR, as confirmed by the analysis provided in the Phase 2 EIR; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to: (i) enter into the ENA and the Predevelopment Loan Documents with the Developer, substantially in the form of the documents approved by legal counsel for OCII; (ii) to make expenditures consistent with Redevelopment Dissolution Law; and (iii) to enter into any and all ancillary documents or to take any additional actions, including updating insurance requirements, 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 April 7, 2020.

Commission Secretary