

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 07-2026

AUTHORIZING AN EXCLUSIVE NEGOTIATIONS AGREEMENT AND A PREDEVELOPMENT LOAN AGREEMENT IN AN AMOUNT NOT TO EXCEED \$5,000,000 WITH TRANSBAY BLOCK 4 WEST, LP, A CALIFORNIA LIMITED PARTNERSHIP, FOR THE DEVELOPMENT OF APPROXIMATELY 314 AFFORDABLE RENTAL HOUSING UNITS AT TRANSBAY BLOCK 4 WEST; TRANSBAY 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 “Former Agency”) undertook programs for the redevelopment of blighted areas in the City and County of San Francisco (the “City”), including the Transbay Redevelopment Project Area (the “Project Area”); and,
- WHEREAS, In accordance with CRL, the City, acting through its Board of Supervisors, approved a Redevelopment Plan for the Project Area by Ordinance No. 124-05 (June 21, 2005) and by Ordinance No. 99-06 (May 9, 2006), as amended by Ordinance Nos. 84-15 (June 16, 2015), 62-16 (April 26, 2016), and 009-23 (January 24, 2023), and as may be amended from time to time (“Redevelopment Plan”); and,
- WHEREAS, The Redevelopment Plan divides the Project Area into two subareas: Zone One in which the land use controls of the Redevelopment Plan and the Development Controls and Design Guidelines for the Transbay Redevelopment Project (2005) (and as currently amended, “Development Controls”) are applicable and are to be administered by the Successor Agency to the Former Redevelopment Agency of the City and County of San Francisco (“Successor Agency”), commonly known as the Office of Community Investment and Infrastructure (“OCII”), and Zone Two in which the San Francisco Planning Code applies and is administered by the San Francisco Planning Department; and,
- WHEREAS, In 2003, the Transbay Joint Powers Authority (“TJPA”), the City, and the State of California (“State”), entered into a Cooperative Agreement setting forth the process for the transfer of certain State-owned parcels in the Project Area to the City and the TJPA. Also in 2003, the California Legislature enacted Assembly Bill No. 812 (States 2003, chapter 99), codified at Cal. Public Resources Code § 5027.1, which requires that thirty-five percent (35%) of new housing developed in the Project Area shall be affordable to low- and moderate-income households (the “Transbay Affordable Housing Obligation”). In 2005, the TJPA and the Former Agency entered into the Transbay Redevelopment Project Implementation Agreement (“Implementation Agreement”) which incorporates the Transbay Affordable Housing Obligation and requires Successor Agency to prepare and sell certain formerly State-owned parcels and to construct and fund new infrastructure improvements and to meet affordable housing obligations; and,

WHEREAS, Pursuant to California Health & Safety Code § 34170 et seq. (the “Redevelopment Dissolution Law”) and San Francisco Ordinance No. 215-12 (October 4, 2012) (establishing the Successor Agency Commission (the “Commission”) and delegating to it state authority under the Redevelopment Dissolution Law), OCII is responsible for administering the enforceable obligations of the Former Agency. The Redevelopment Plan, Development Controls, Transbay Affordable Housing Obligation, Implementation Agreement and other relevant Project Area documents remain in effect, and OCII retains all affordable housing obligations in the Project Area; and,

WHEREAS, Redevelopment Dissolution Law authorizes successor agencies to enter into new agreements if they are “in compliance with an enforceable obligation that existed prior to June 28, 2011.” Cal. Health & Safety Code § 34177.5(a). On April 15, 2013, the California Department of Finance (“DOF”) finally and conclusively determined that the Implementation Agreement and its incorporation of the Transbay Affordable Housing Obligation are continuing enforceable obligations of OCII under Redevelopment Dissolution Law. DOF confirmed that “any sale, transfer, or conveyance of property related to [the Transbay Final and Conclusive Determination] is authorized.” Email from Justyn Howard, Assistant Program Budget Manager, DOF, to Tiffany Bohee, Executive Director, OCII (September 10, 2013, 09:17 am); and,

WHEREAS, On May 8, 2025, OCII issued a Request for Proposals (the “RFP”) to develop, own, and operate mixed-use affordable rental housing units, including units set aside for households experiencing homelessness at Transbay Block 4 West, on a portion of the parcel identified as Lot 1 on Tentative Transfer Map No. 10327 (approved by San Francisco Public Works Order No. 203553) (the “Block 4 Site”). In addition, the RFP asked respondents to develop and construct East Tehama Street adjacent to the Site, extending from Main Street to Beale Street (the “Tehama Site”), to be transferred to the City for long-term ownership and operation; and,

WHEREAS, In response to the RFP, OCII received two complete proposals that met the minimum threshold requirements of the RFP. An evaluation panel comprised of OCII staff, City staff, and a community representative evaluated the written proposals and interviewed the development teams. The evaluation panel recommended the development team consisting of Mercy Housing California (“Mercy”) and Young Community Developers (“YCD”) (together, the “Respondent”). The evaluation panel determined that the Respondent submitted a proposal that was responsive to the RFP and included, among other things, income targeting ranging from 30-60% AMI. In recommending the Respondent, the evaluation panel relied on, among other things, the Respondent’s 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 October 21, 2025, OCII staff provided the Commission with an informational memorandum on the evaluation panel’s recommendation of Respondent as the Transbay Block 4 West project development team; and,

WHEREAS, The proposed development program for the Site includes a total of approximately 314 rental housing units, including 311 affordable units and three manager’s units, resident amenities, approximately 4,200 square feet of commercial space, and

related streetscape improvements (the “Project”) on the western portion of the Block 4 Site (the “Site”). Affordable units in the Project will be provided at a range of income levels and are currently contemplated to be comprised of 25% one-bedroom units, 50% two-bedroom units, and 25% three-bedroom units; and,

WHEREAS, Respondent has formed a single-purpose entity, Transbay Block 4 West, LP, a California limited partnership (“Developer”), to undertake initial predevelopment activities for the Site; and,

WHEREAS, On January 11, 2021, in accordance with the Option Agreement by and between the City, the TJPA, and the Former Agency (January 31, 2008) and the Agreement for Purchase and Sale of Real Estate by and between the TJPA and Successor Agency, the TJPA conveyed to OCII real property including the Block 4 Site. OCII and Developer will undertake a merger and resubdivision of this real property that will result in a single parcel for ground lease and development of the Project on the Site as identified in the Redevelopment Plan and in accordance with OCII’s enforceable obligations under the Implementation Agreement; and,

WHEREAS, OCII has determined that, to ensure pedestrian and emergency vehicle access in time for initial occupancy of the Project, the design and construction of East Tehama Street and related infrastructure (the “Tehama Improvements”), should be completed by the Developer, or an affiliate, or a special-purpose entity formed by the Developer for this purpose, subject to OCII approval; and,

WHEREAS, The Citywide Affordable Housing Loan Committee reviewed OCII staff’s evaluation of the request for funding at its meeting on March 6, 2026, and recommended that OCII authorize a predevelopment loan with the Developer in an amount not to exceed \$5,000,000 subject to certain terms and conditions; and,

WHEREAS, On January 30, 2025, the Oversight Board of the City and County of San Francisco approved, by Resolution No. 01-2025, an expenditure for the Project in Item No. 406 of the Recognized Obligation Payment Schedule for the period of July 1, 2025 through June 30, 2026 (“ROPS 25-26”), and, on April 11, 2025, the California Department of Finance finally approved ROPS 25-26; and,

WHEREAS, The Developer desires to enter into and execute an exclusive negotiations agreement (the “ENA”), a copy of which, in substantially final form, is attached to the Commission memorandum accompanying this Resolution. The ENA’s key components include: a \$10,000 performance deposit; an initial term of thirty-six (36) months, until April 7, 2029 (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; and,

WHEREAS, The Developer desires to enter into and execute a loan agreement and promissory note (the “Predevelopment Loan”), a copy of which, in substantially final form, is attached to the Commission memorandum accompanying this Resolution. The Predevelopment Loan will provide funding in an amount not to exceed \$5,000,000 for predevelopment work associated with the construction of the Project; and,

WHEREAS, OCII's remaining discretionary approvals for the Project include approval of design documents and approval of permanent financing and ground lease agreements with the Developer; and,

WHEREAS, Under Redevelopment Dissolution Law, OCII must transfer completed affordable housing assets to the Mayor's Office of Housing and Community Development ("MOHCD") as the Housing Successor designated under Board of Supervisors Resolution No. 11-12 (January 26, 2012) and Section 34176 of the California Health and Safety Code. Upon completion of the Project, OCII will transfer the affordable housing loan agreements, assets, and ground leases to MOHCD; and,

WHEREAS, Authorizations of the ENA and of the Predevelopment Loan Agreement are statutorily exempt from CEQA under CEQA Guidelines Section 15262 since they involve only feasibility and planning studies for possible future actions that the Agency has not yet approved; and,

RESOLVED, That the Commission authorizes the Executive Director to: (i) enter into the ENA and Predevelopment Loan with the Developer, substantially in the form of the documents approved by legal counsel for OCII on file with the Commission Secretary and attached to the Commission Memorandum accompanying this Resolution; (ii) make expenditures consistent with the ENA, Predevelopment Loan, and Redevelopment Dissolution Law; and (iii) 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 April 7, 2026.

Commission Secretary