

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 2-2020

AUTHORIZING A GROUND LEASE AND AMENDED AND RESTATED LOAN AGREEMENT WITH MISSION BAY 9 LP, FOR TOTAL AGGREGATE LOAN AMOUNT OF \$37,245,760 FOR THE DEVELOPMENT OF 141-UNIT AFFORDABLE RENTAL HOUSING PROJECT SERVING FORMERLY HOMELESS HOUSEHOLDS (INCLUDING ONE MANAGER’S UNIT) AT 410 CHINA BASIN STREET (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, A PROGRAM EIR, AND ADOPTING ENVIRONMENTAL 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 former San Francisco Redevelopment Agency (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, 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 “Mission Bay South Redevelopment Plan.” In cooperation with the City, the Former Agency was responsible for implementing the Mission Bay South Redevelopment Plan; and,

WHEREAS, The Mission Bay South Redevelopment 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 Mission Bay South Redevelopment Plan anticipates and describes a mixed-use development comprised of public open space, retail, commercial, residential, entertainment, and parking and loading uses; and,

WHEREAS, To implement the Mission Bay South Redevelopment Plan, the Former Agency approved, by Resolution No. 193-98 (Sep. 17, 1998), the Mission Bay South Owner Participation Agreement between the Former Agency and Catellus Development Corporation, a Delaware corporation (the “Owner”). The Mission Bay South Owner Participation Agreement, as most recently amended by Agency Resolution No. 41-2017 (adopted October 17, 2017) and Oversight Board Resolution No. 2-2018 (adopted May 14, 2018), is referred to as the “South OPA.” The South OPA establishes, among other things, contractual rights authorizing the Owner to build

a certain amount of development, and requiring the Owner to construct public infrastructure and contribute land for a campus of the University of California at San Francisco and for affordable housing; and obligating the Former Agency to reimburse Owner for certain infrastructure costs, and to develop affordable housing on the contributed land; and,

WHEREAS, Under the South OPA, the Owner must transfer, at no cost, approximately 12.3 acres of "building-ready" land that has been remediated, graded, and served by infrastructure, for development of affordable housing, and the Former Agency is required to build approximately 1,108 affordable housing units on these sites; and,

WHEREAS, The Former Agency and Owner selected affordable housing parcels to be contributed to the Former Agency, as identified in Exhibit F (Approved Sites) to the Mission Bay South Housing Program (Attachment C to the South OPA), as amended by the First Amendment to the South OPA, February 17, 2004). One of these is an approximately 1.08-acre parcel identified as Block 8719, Lot 003 ("Block 9" or the "Site") in that certain Memorandum of Option (recorded on July 7, 2006 as Document No. 2006-I209319-00) which requires the Owner to convey the Site to the Former Agency for purposes of fulfilling the South OPA affordable housing obligations; and,

WHEREAS, On February 17, 2004, the Former Agency approved, by Resolution No. 25-2004, the Major Phase Application for Blocks 8-10a (the "Major Phase"), which included Block 9; and,

WHEREAS, On February 1, 2012, the State of California dissolved all redevelopment agencies, including the Former Agency, by operation of law pursuant to California Health and Safety Code Sections 34170 *et seq.* ("Redevelopment Dissolution Law"). Under the authority of the Redevelopment Dissolution Law and under San Francisco Ordinance No. 215-12 (October 4, 2012) (establishing the Successor Agency Commission ("Commission") and delegating to it state authority under the Redevelopment Dissolution Law), OCII is administering the enforceable obligations of the Former Agency; and,

WHEREAS, On January 24, 2014, the California Department of Finance ("DOF") made a final and conclusive determination that the South OPA, the Mission Bay South Tax Increment Allocation Pledge Agreement, and the Mission Bay South Allocation Pledge Agreement Housing are enforceable obligations that survived the dissolution of the Former Agency and require OCII to complete the development authorized under the South Plan, South OPA, and related South Plan Documents. Letter, J. Howard, DOF Assistant Program Budget Manager, to T. Bohee, Executive Director (January 24, 2014); and,

WHEREAS, On April 6, 2017, OCII initially issued a Housing Development Request for Proposals (the "RFP"), and, on June 7, 2017, OCII issued a revised RFP, for the development and management of affordable rental units serving low-income

formerly homeless households at Block 9. The RFP set forth specific submission requirements and established that OCII would seek to enter into an exclusive negotiations agreement for development rights on 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. OCII staff made extensive outreach efforts to attract submittals from qualified developers; and,

WHEREAS, OCII staff received two submittals, both of which met the minimum threshold requirements defined in the RFP. After a thorough review of the submittals, interviews by an interdisciplinary evaluation panel, and a presentation to the Mission Bay Citizens Advisory Committee, the evaluation panel recommended the development team led by BRIDGE Housing and Community Housing Partnership (collectively “Developer”) with Leddy Maytum Stacy Architects to develop the Site; and,

WHEREAS, On October 17, 2017, the Commission selected, by Resolution No. 38-2017, the Developer to develop the Site; and,

WHEREAS, The Developer intends to construct 141 units of affordable housing (including one unrestricted manager’s unit) for low-income formerly homeless households, community and services spaces, and a community garden (the “Project”); and,

WHEREAS, The Developer has formed a wholly controlled affiliate, Mission Bay 9 LP (the “Partnership”) to develop the Project; and,

WHEREAS, On January 19, 2018, the Citywide Affordable Housing Loan Committee (the “Loan Committee”) recommended that OCII provide the Partnership with a predevelopment loan in an amount not to exceed \$5,000,000 (the “Predevelopment Funds”), subject to certain terms and conditions (the “Predevelopment Loan”); and,

WHEREAS, Pursuant to Resolution No. 03-2018, adopted by the Commission on February 20, 2018, OCII entered into a predevelopment loan agreement and promissory note (the “Predevelopment Loan Documents”), to provide funding in an amount not to exceed \$5,000,000 for predevelopment work associated with the construction of the Project, and an exclusive negotiations agreement (the “ENA”) and Schedule of Performance, and an associated Option to Ground Lease. The ENA and Option to Ground Lease included an initial term expiring February 20, 2020, with a discretionary extensions for any period up to a total of 12 months and two six-month extensions respectively The Executive Director extended the terms of the ENA and Option to Ground Lease to July 20, 2020 to allow the parties to finalize the terms of a long-term ground lease and permanent loan consistent with the ENA and Option to Ground Lease; and,

WHEREAS, On January 19, 2019, the Commission adopted Resolution No. 1-2019, conditionally approving a Basic Concept/Schematic Design for the Project and

adopting environmental review findings pursuant to the California Environmental Quality Act (“CEQA”); and,

WHEREAS, The Partnership is now requesting to enter into a seventy-five (75) year ground lease (with one twenty-four (24) year extension option) in connection with the development and operation of the Project (the “Ground Lease Agreement”); and,

WHEREAS, On March 6, 2020, the Citywide Affordable Housing Loan Committee approved an additional \$32,245,760 financing request, for a total of up to \$37,245,760 in OCII funding (the “Funds”). The Funds are therefore comprised of the \$5,000,000 in Predevelopment Funds, and \$32,245,760 for construction period activities (the “Gap Funding”); and,

WHEREAS, Under Ordinance No. 215-12 and the Redevelopment Dissolution Law, OCII has the obligation and authority to enter into additional agreements for funding and development affordable housing at the Site; and,

WHEREAS, On January 28, 2019 under Resolution No. 01-2019, the Oversight Board of the City and County of San Francisco approved an expenditure for funding the Project in Item No. 417 of the Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (“ROPS 19-20”); and,

WHEREAS, The Partnership is now requesting to enter into an Amended and Restated Loan Agreement (“Loan Agreement”) in the amount of \$37,245,760 for the development of the Project; and,

WHEREAS, The Loan Agreement allows the MOHCD Director and OCII Executive Director to make adjustments to the Final Financial Plan (“FFP”) included in the Loan Agreement through a FFP Confirmation Letter (both as defined in the Loan Agreement), which allows them to address changes to the financial conditions of the Loan Agreement after Commission approval but before loan closing; and,

WHEREAS, On September 17, 1998, the Former Agency Commission adopted Resolution No. 182-98 which certified the Final Subsequent Environmental Impact Report (“FSEIR”) for Mission Bay North and South pursuant to CEQA and State CEQA Guidelines Sections 15168 (Program EIR) and 15180 (Redevelopment Plan EIR). On the same date, the Former Agency Commission also adopted Resolution No. 183-98, which adopted environmental findings (and a statement of overriding considerations), in connection with the approval of the Plan and other Mission Bay project approvals (the “Mission Bay Project”). The San Francisco Planning Commission (“Planning Commission”) certified the FSEIR by Resolution No. 14696 on the same date. On October 19, 1998, the Board of Supervisors adopted Motion No. 98-132 affirming certification of the FSEIR by the Planning Commission and the Former Agency, and 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, The FSEIR is a program EIR under CEQA Guidelines Section 15168 and a redevelopment plan EIR under CEQA Guidelines Section 15180. Authorizing a Ground Lease and a Loan Agreement for the purpose of developing the Project is an undertaking pursuant to and in furtherance of the Plan in conformance with CEQA Section 15180 (“Implementing Action”); and,

WHEREAS, OCII is making the necessary findings for the Implementing Action contemplated herein, considered and reviewed the FSEIR, and has made documents related to the Implementing Action 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 adopted in accordance with CEQA by the Redevelopment Agency Commission by Resolution No. 183-98 dated September 17, 1998, reflected the independent judgment and analysis of the Redevelopment 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 Action; 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, now, therefore be it,

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, The Commission finds and determines that the authorization of the Ground Lease and the Loan Agreement is an Implementing Action within the scope of the Mission Bay Project analyzed in the FSEIR and requires no further environmental review beyond the FSEIR pursuant to the State CEQA Guidelines Sections 15180, 15162 and 15163 for the following reasons:

- (1) The Implementing Action is consistent with the project analyzed in the FSEIR and does 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 affordable housing on Block 9 has become available, which would indicate that
 - (i) the Block 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 authorizes the Executive Director to: (i) enter into the Ground Lease, with the Partnership, substantially in the form of the document approved by legal counsel for OCII on file with the Commission Secretary and attached to the Commission Memorandum accompanying this Resolution, for an initial term of seventy-five (75) years, with one twenty-four (24) year option, for the development of the Project; (ii) enter into a Loan Agreement with the Partnership, substantially in the form of the document approved by legal counsel for OCII on file with the Commission Secretary and attached to the Commission Memorandum accompanying this Resolution, for the development of the Project; (iii) make adjustments to the Ground Lease and Loan Agreement as necessary to finalize those documents within the authority provided by this Resolution, including through the Final Financial Plan Confirmation Letter as necessary to meet Project financing requirements; and (iv) to 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, 2020.

Commission Secretary