

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 3-2017

AUTHORIZING AN EXCLUSIVE NEGOTIATIONS AGREEMENT, AND A PREDEVELOPMENT LOAN AGREEMENT IN AN AMOUNT NOT TO EXCEED \$3,500,000, WITH CANDLESTICK POINT 11A, A CALIFORNIA LIMITED PARTNERSHIP, FOR THE DEVELOPMENT OF APPROXIMATELY 153 AFFORDABLE FAMILY RENTAL HOUSING UNITS (INCLUDING ONE MANAGER’S UNIT) FOR LOW-INCOME FAMILIES AND FORMERLY HOMELESS HOUSEHOLDS AT CANDLESTICK POINT SOUTH BLOCK 11A, PROVIDING NOTICE THAT THIS APPROVAL IS WITHIN THE SCOPE OF THE CANDLESTICK POINT AND HUNTERS POINT SHIPYARD PHASE 2 DISPOSITION AND DEVELOPMENT AGREEMENT (“DDA”); AND THAT THE PROGRAM ENVIRONMENTAL IMPACT REPORT FOR THE CANDLESTICK POINT HUNTERS POINT SHIPYARD PHASE 2 DEVELOPMENT PLAN PROJECT ADEQUATELY DESCRIBES THIS ACTION FOR THE PURPOSE OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; BAYVIEW HUNTERS POINT 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; and,

WHEREAS, In accordance with the CRL, the City, acting through its Board of Supervisors, approved a Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area (the “Project Area”) by Ordinance No.113-06, adopted on May 16, 2006. The Redevelopment Plan is referred to as the “Bayview Hunters Point Redevelopment Plan.” In cooperation with the City, the Former Agency was responsible for implementing the Bayview Hunters Point Redevelopment Plan; 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, 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 it state authority under the Redevelopment Dissolution Law); and,

- WHEREAS, The Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (the “Phase 2 DDA”) between CP Development Co. LP and the Former Agency provides for the development of approximately 700 acres that includes the second phase of the Shipyard and the entire Candlestick Point area (“Phase 2 Project”). The Phase 2 DDA calls for 10,500 new housing units, 32% of which will be below market rate; and,
- WHEREAS, On December 14, 2012, the California Department of Finance (“DOF”) determined “finally and conclusively” that the Phase 2 DDA and tax allocation pledge agreements, including the affordable housing programs are enforceable obligations under the Dissolution Law; and,
- WHEREAS, On February 18, 2016, OCII issued a Housing Development Request for Proposals (the “RFP”), which RFP is incorporated herein by this reference, for the development and management of up to 150 units of affordable rental housing for low income and formerly homeless families (“Candlestick Point South 11a Project” or “CPS11a” or “Project”) on Lot 35 of that certain Final Transfer Map No. 7879-8583, recorded on August 16, 2016 and filed on pages 73-74 in Book GG of the County’s Survey Maps (the “Site”); and,
- WHEREAS, OCII received four submittals in response to the RFP, and determined that the applicant team consisting of San Francisco Housing Development Corporation (“SFHDC”) & Mercy Housing California (“MHC”) (together, the “Developer”), and the architecture firm Leddy Maytum Stacy Architects was well-suited to develop the Site; and,
- WHEREAS, The Request for Proposal required the inclusion of three (3) four-bedroom units and one (1) five-bedroom unit within the overall unit mix. These units were specified in order to comply with California Redevelopment Law’s requirement that an exact unit mix be replicated within a neighborhood undergoing redevelopment; the four- and five- bedroom units at CPS11a will serve as replacement units for Phase 4 Block 5 of the Alice Griffith HOPESF project, which required a higher number of one- and two-bedroom units, versus four- and five-bedroom units, in order to be financially feasible; and,
- WHEREAS, On August 16, 2016 the OCII Commission approved the selection of the Developer as the CPS11a Project development team through Resolution No. 40-2016 and at that time the Commission was apprised that OCII staff would be requesting authorization to enter into an Exclusive Negotiations Agreement and Predevelopment Loan with the Developer in the coming months; 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 December 16, 2016, and recommended to the OCII Commission that it authorize OCII to provide the Developer with a predevelopment loan in an amount not to exceed \$3,500,000 (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 Phase 2 Project; and,
- WHEREAS, On January 25, 2016 under Resolution No. 1-2016, the Oversight Board of the City and County of San Francisco approved an expenditure for funding including CPS11a through Item No. 404 of the Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (“ROPS 16-17”). The California Department of Finance provided final approval of the expenditure for Item No. 219 HPS Phase 2 – CP Affordable Housing Obligation through its letter dated December 14, 2012; 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 and design review, and loan disbursement review and processing. Upon completion of the CPS11a 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, 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 July 16, 2018 (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 will 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,
- 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 construction of the CPS11a 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 OCII’s remaining discretionary approvals for the CPS11a Project consist of review for consistency under the Design Review and Document Approval Procedure (“DRDAP”) for Candlestick Point and Phase 2 of the Hunters Point Shipyard and subsequent commitment of permanent financing; and,
- WHEREAS, On June 3, 2010, the SFRA Commission by Resolution No. 58-2010 and the San Francisco Planning Commission by Motion No. 18096, certified the Final Environmental Impact Report (“FEIR”) for the Candlestick Point-Hunters Point Shipyard Phase 2 Development Plan Project, a program environmental impact

report that analyzed the Project, the DDA, the Project Documents, and the Redevelopment Plans, and made findings determining the FEIR to be adequate, accurate, and objective and in compliance with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) (“CEQA”) and the CEQA Guidelines (14 California Code of Regulations Sections 15000 et seq.); the Board of Supervisors affirmed the Planning Commission’s certification of the FEIR by Motion No. 10-110 on July 14, 2010; and,

WHEREAS, As part of its approval of the Project on June 3, 2010, in addition to certifying the FEIR, the SFRA Commission, by Resolution No. 59-2010 adopted findings pursuant to CEQA, regarding the alternatives, mitigation measures, and significant environmental effects analyzed in the FEIR, including a Mitigation Monitoring and Reporting Program and a Statement of Overriding Considerations for the Project, which findings are incorporated into this Resolution by this reference; and,

WHEREAS, Subsequent to the certification of the FEIR, the Planning Department, at the request of OCII, issued Addendum No. 1 to the FEIR (“Addendum No. 1”) (dated December 11, 2013) to the FEIR as part of the 2014 Major Phase 1 CP and Streetscape Plan; and,

WHEREAS, Addendum No. 1 addressed changes to the phasing schedule for the Project and corresponding changes to the schedules for implementation of related transportation system improvements in the Transportation Plan, including the Transit Operating Plan, the Infrastructure Plan and other public benefits; and minor proposed revisions in two adopted mitigations measures, Mitigation Measure TR-16 Widen Harney Way, and Mitigation Measure UT-2 Auxiliary Water Supply System; and,

WHEREAS, OCII as the lead agency, prepared, in consultation with the San Francisco Planning Department, Addendum No. 4 to the FEIR, (“Addendum No. 4”) which OCII staff issued on February 22, 2016. (Addenda Nos. 2 and 3 analyzed proposed changes to the Project, which are no longer being pursued.) Addendum No. 4 evaluated amendments to the Design for Development, Streetscape Plan and Major Phase 1 Application for Candlestick Point and the amendment of two adopted mitigation measures, that were, Mitigation Measure TR-16 to divide the Harney Way improvements into two phases and Mitigation Measure TR-23 to modify the cross-section design of Gilman Avenue; and,

WHEREAS, Copies of the FEIR, addenda, and supporting documentation are on file with the Commission Secretary and are incorporated in this Resolution by this reference; and,

WHEREAS, The approval of the ENA, Option to Ground Lease and the Loan is an undertaking pursuant to and in furtherance of the Project in conformance with CEQA Section 21166 and the CEQA Guidelines Sections 15180, 15162, 15163, and 15164; and,

WHEREAS, The FEIR and the CEQA Findings adopted by the SFRA Commission by Resolution No. 59-2010 on June 3, 2010, reflected the independent judgment and analysis of the SFRA Commission, remain adequate, accurate and objective, and were prepared and adopted following the procedures required by CEQA, and the

findings in such resolution are incorporated by this reference as applicable to the approval of the ENA and Loan; and,

RESOLVED, The Commission finds and determines that the ENA with associated Option to Ground Lease, and Loan, as recommended for approval, are consistent with the Candlestick Point Hunters Point Shipyard Phase 2 Development Plan Project as analyzed in the FEIR and require no additional environmental review beyond the FEIR and addenda pursuant to CEQA Section 21166 and the CEQA Guidelines Sections 15180, 15162, 15163, and 15164; for the following reasons:

(1) Implementation of the Candlestick Point South 11a Project does not require major revisions to the FEIR 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 Project analyzed in the FEIR will be undertaken that would require major revisions to the FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR; and,

(3) No new information of substantial importance to the project analysis in the FEIR has become available, which would indicate that (i) the Candlestick Point South 11a Project will have significant effects not discussed in the FEIR; (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 FEIR, will substantially reduce one or more significant effects on the environment that would change the conclusions set forth in the FEIR; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to: (i) enter into the ENA with Candlestick Point 11a, a California limited partnership, and the Predevelopment Loan Documents with Candlestick Point 11a, a California limited partnership, 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 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 7, 2017.

Interim Commission Secretary