

# COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

## RESOLUTION NO. 30-2024

### **AUTHORIZING AN EXCLUSIVE NEGOTIATIONS AGREEMENT AND A PREDEVELOPMENT LOAN AGREEMENT IN AN AMOUNT NOT TO EXCEED \$5,111,731, WITH MISSION BAY 4 EAST ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, FOR THE DEVELOPMENT OF APPROXIMATELY 165 AFFORDABLE RENTAL HOUSING UNITS AND FOR THE INITIAL PREDEVELOPMENT ACTIVITIES FOR ADDITIONAL UNITS IN A SEPARATE BUILDING AT MISSION BAY SOUTH BLOCK 4 EAST; 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”) and the City and County of San Francisco (the “City”) established the Mission Bay South 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. 335-98 adopted on November 2, 1998, and amended it by Ordinance Nos. 143-13 (July 9, 2013), 32-18 (March 6, 2018), 128-20 (July 31, 2020), 209-20 (October 1, 2020), and 014-21 (February 12, 2021). The Redevelopment Plan for the Project Area, as amended, is referred to as the “Mission Bay South Redevelopment Plan”; and,

WHEREAS, The Redevelopment Plan establishes the land use controls that Successor Agency applies in the Project Area. The Redevelopment Plan divides the Project Area into four subareas in which the Redevelopment Plan and the Design for Development for the Mission Bay South Redevelopment Project (“D4D”) define land uses; 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), the Successor Agency is responsible for implementing the Redevelopment Plan and fulfilling enforceable obligations, including the Mission Bay South Owner Participation Agreement between the Former Agency (succeeded by the Successor Agency) and FOCIL-MB, LLC (the “Master Developer”) (November 16, 1998), as amended (the “OPA”); and,

WHEREAS, The OPA includes the Mission Bay South Housing Program (Attachment C to the OPA), which provides that the Master Developer will contribute parcels of land within the Project Area to Successor Agency, at no cost, for the development of up to 1,218 affordable housing units (these parcels are defined in the OPA as “Agency Affordable Housing Parcels”). To date, 905 affordable residential units have been completed and another 148 affordable housing units are under construction on Agency Affordable Housing Parcels, leaving 165 affordable units to be developed under the current provisions of the OPA; and,

WHEREAS, On February 1, 2012, the State of California dissolved all redevelopment agencies including the Former Agency and created successor agencies to complete the enforceable obligations of the former redevelopment agencies and to wind down redevelopment affairs under California Health and Safety Code Section 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), the Successor Agency is administering the enforceable obligations of the Former Agency; 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, consistent with the Redevelopment Dissolution Law and San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency Commission (“Commission”) and delegating to the Commission the state authority under the Redevelopment Dissolution Law); and,

WHEREAS, On January 24, 2014, the California Department of Finance (“DOF”) determined “finally and conclusively” that the South OPA, including its affordable housing obligations and tax allocation pledge agreement, is an enforceable obligation under the Redevelopment Dissolution Law; and,

WHEREAS, On November 9, 2023, OCII issued a Request for Qualifications (the “RFQ”) to develop, own and operate affordable rental housing units including units set aside for households experiencing homelessness at Mission Bay South Block 4 East, on parcels identified as Block 8711, Lot 029 of that certain map entitled “Final Tract Map No. 3936”, recorded on February 22, 2006 and filed on pages 54-58 in Book BB of the Official Records of the City and County of San Francisco (the “Block 4 East Site”). The OPA identifies the Block 4 East Site as an affordable housing parcel; and,

WHEREAS, In response to the RFQ, OCII received four proposals and those proposals met the minimum threshold requirements of the RFQ. 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 Curtis Development (“CD”) and Bayview Senior Services (“BSS”) (together, the “Respondent”). The evaluation panel determined that the Respondent submitted an application that was responsive to the RFQ and included, among other things, income targeting ranging from 30-80% 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 RFQ; and,

WHEREAS, On May 21, 2024, OCII staff provided the Commission with an informational memorandum on the evaluation panel’s recommendation of Respondent as the MBS 4 East project development team; and,

WHEREAS, A building on the southern portion of the Block 4 East Site (the “Phase I Site”) will provide approximately 165 units of rental housing serving low-income families and families experiencing homelessness, as well as community-serving ground floor commercial space, resident amenities, and related improvements (the “Phase I Project”). With the exception of two unrestricted manager’s units, all units in the Phase I Project will be restricted for affordability to households earning between 30% and 80% of the Area Median Income (“AMI”) as established by the Mayor’s Office of Housing and Community Development (“MOHCD”) and a subset of units may be restricted up to 95% MOHCD AMI dependent on final financial sources. Affordable units will be comprised of approximately 25% one-bedroom units, 50% two-bedroom units, and 25% three-bedroom units; and,

WHEREAS, A second phase of development may include a building on the northern portion of the Site that would provide approximately 235 units of rental housing serving low-income families and households experiencing homelessness, resident amenities, and related improvements (the “Phase II Site”). With the exception of two unrestricted manager’s units, all units in the Phase II Site may be restricted for affordability to households earning between 30% and 80% MOHCD AMI and a subset of units may be restricted up to 95% MOHCD AMI dependent on final financial sources. Affordable units will be comprised of approximately 25% one-bedroom units, 50% two-bedroom units, and 25% three-bedroom units with the potential inclusion of four-bedroom units and five-bedroom units; and,

WHEREAS, Respondent has formed a single-purpose entity, Mission Bay 4 Associates, L.P., a California limited partnership (“Phase I Developer”), to undertake construction and financing of the Phase I Project and to undertake initial predevelopment activities for the Phase II Site; and,

WHEREAS, The Citywide Affordable Housing Loan Committee reviewed OCII staff’s evaluation of the request for funding at its meeting on August 2, 2024, and recommended that OCII authorize a predevelopment loan with the Developer in an amount not to exceed \$5,111,731 subject to certain terms and conditions with a future assignment and assumption of Phase II costs and shared costs to a future Phase II Predevelopment Loan; and,

WHEREAS, On January 25, 2023, the Oversight Board of the City and County of San Francisco approved, by Resolution No. 02-2023, an expenditure for the Phase I Project and for initial predevelopment activities at the Phase II Site at MBS 4E in Item No. 436 of the Recognized Obligation Payment Schedule for the period of July 1, 2023 through June 30, 2024 (“ROPS 23-24”), and, on April 14, 2023, the California Department of Finance finally approved ROPS 23-24; 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 September 3, 2027 (with up to a twelve-month extension for Phase I and a twenty-four-month extension for Phase II, 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 \$5,111,731 which will allow the Developer to work with the architect and other consultants to develop the Phase I design to construction drawings and permits and initial predevelopment activities at the Phase II Site including preliminary design, and will fund survey and engineering work, legal costs, due diligence studies, and developer fees; and,

WHEREAS, OCII’s remaining discretionary approvals for the Phase I Project include approval of design documents and approval of permanent financing with the Developer for the Phase I Project, and for the Phase II Site include approval of design documents, approval of additional predevelopment financing with initial predevelopment loan funds allocated between the Phase I and Phase II Projects as appropriate, with any costs attributable to Phase II assigned and assumed under a separate Phase II predevelopment loan agreement, and approval of permanent financing with the Developer for a project at the Phase II Site; and,

WHEREAS, Under Redevelopment Dissolution Law, OCII must transfer completed affordable housing assets to 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 Phase I 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 September 3, 2024.

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Commission Secretary