RESOLUTION NO. 4-2001

Adopted January 16, 2001

AUTHORIZING EXCLUSIVE NEGOTIATIONS FOR THE LEASE AND DEVELOPMENT OF THE AGENCY AFFORDABLE HOUSING PARCEL KNOWN AS PARCEL 1 OF BLOCK N3; MISSION BAY NORTH PROJECT AREA

BASIS FOR RESOLUTION

1. On August 15, 2000, the Commission approved Catellus’ Major Phase Application for Block N3a in Mission Bay North. Pursuant to the terms of the Mission Bay North Owner Participation Agreement between the Agency and Catellus (“OPA”), Block N3a contains the next Agency Affordable Housing Parcel, Parcel 1 of Block N3a (“Site”).

2. As required by the Agency’s Mission Bay Affordable Housing Policy, the Agency issued a Request for Qualifications (“RFQ”) on August 29, 2000, seeking nonprofit teams capable of developing and operating a 130-140 unit senior rental development on the Site for very low income households and related community and commercial space. A summary of the RFQ was provided to the Commission in an informational memorandum dated August 25, 2000.

3. The Agency received Statements of Qualifications (“SOQs”) from two nonprofit development teams by the response deadline. They are (1) Citizens Housing Corporation (CHC) in partnership with Northern California Presbyterian Homes & Services (NCPHS) as property manager and the Goldman Institute on Aging (GIA) as service provider, and (2) Mercy Housing California (Mercy) in partnership with Mercy Services Corporation and North & South of Market Adult Day Health (NSM) as service provider.

4. The Mission Bay Citizens Advisory Committee (CAC) reviewed the general terms of the RFQ at its meeting on October 12, 2000. The CAC then reviewed the two SOQs at its meeting on November 9, 2000. The CAC expressed significant concerns about the Mercy/HKIT design.

5. An interdisciplinary evaluation panel of Agency and City staff (“Evaluation Panel”) reviewed the SOQs submitted by both teams and found that while both teams exceed the minimum qualifications established by the RFQ, the Mercy team is most qualified to develop the Site. However, the panel had serious reservations about the Mercy/HKIT design concept. For this reason staff is recommending that the Commission authorize exclusive negotiations
RESOLUTION

ACCORDINGLY, IT IS RESOLVED, THAT:

1. The Agency authorizes the Executive Director to enter into Exclusive Negotiations with Mercy Housing California, a California nonprofit public benefit corporation, ("Developer") for a period of 12 months from the date of this resolution (the "Exclusive Negotiations Period") for the purpose of negotiating agreements leading to the lease and development of Parcel 1 of Block N3a in the Mission Bay North Project Area ("Site"). The Executive Director is further authorized to extend the Exclusive Negotiations Period for a cumulative period not to exceed six (6) months in his discretion to permit the transfer of the Site, the issuance of the bonds, the issuance of building permits, the completion of the negotiations, or to comply with statutory public notice requirements.

2. The Executive Director is further authorized to negotiate and to execute an Exclusive Negotiations Agreement ("ENA") based on Developer’s Offer to Negotiate and incorporating agreed upon milestones substantially similar to those described in the January 16, 2000 Commission Memorandum.

3. Exclusive Negotiations shall terminate upon the occurrence of any of the following events: (a) the expiration of the Exclusive Negotiations Period unless extended pursuant to paragraph 1; (b) Developer’s breach of any of the terms of the ENA unless such breach is expressly waived by the Executive Director; (c) Developer’s default under the terms of any loan or grant agreement with the Agency unless such default is cured within the period allowed or such default is expressly waived by the Executive Director or by action of the Agency Commission; (d) Developer’s failure to execute the ENA within 30 days of the date of this Resolution; and (e) the Agency’s execution of a Ground Lease Agreement approved by the Agency Commission.

APPROVED AS TO FORM:

Bertha A. Ontiveros
Agency General Counsel