RESOLUTION NO. 160-2005

Adopted November 1, 2005

APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, A CALIFORNIA PUBLIC CORPORATION, FOR THE PURCHASE OF A PORTION OF BLOCK 7, AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, FOR THE DEVELOPMENT OF AN AFFORDABLE HOUSING PROJECT; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. On September 17, 1998, by Resolution No. 193-98, the Redevelopment Agency of the City and County of San Francisco (the “Agency”) Commission (the “Agency Commission”) conditionally approved the Mission Bay South Owner Participation Agreement (the “South OPA”) and related documents between Catellus Development Corporation (the “Owner”) and the Agency for development in the Mission Bay South Redevelopment Project Area (the “Project Area”).

2. On November 2, 1998, the Board of Supervisors of the City and County of San Francisco (the “Board”) by Ordinance No. 335-98 approved and adopted the Redevelopment Plan for the Mission Bay South Redevelopment Project Area (the “Plan”). The Board’s adoption of the Plan satisfied the conditions to the effectiveness of Agency Resolution No. 193-98.

3. On November 16, 1998, the Agency entered into the South OPA with the Owner. The South OPA sets forth phasing principles that govern the development of property in the Project Area. Those principles include the Owner’s obligations to deliver to the Agency affordable housing sites (the “Agency Affordable Housing Parcels”) as market rate housing is built in the Project Area. They also include the Owner’s commitments to construct public open space and other public infrastructure adjacent to – or otherwise triggered by – development on any of the private parcels governed by the South OPA.

4. The South OPA provides that as a condition to any transfer of property in the Project Area, the Owner must obtain the agreement of the transferee to assume all of Owner’s obligations under the South OPA with respect to the transferred parcels.

5. The Project Area includes an approximately 43-acre biomedical research and educational campus site (the “Campus Site”) for the University of California, San Francisco (“UCSF”). UCSF has already invested about $675 million on
projects completed or underway on the Campus Site within the Project Area and has plans to invest another $225 million on projects in design.

6. The Regents of the University of California, a California public corporation ("The Regents"), wishes to lease or acquire, and the Owner wishes to transfer Parcels 36, 37, 38 and 39 in the Project Area, comprising approximately 9.65 acres of land for the possible expansion of UCSF in Mission Bay (the "Expansion Parcels"). These parcels are not part of the 43 acres that the Plan originally designated as the Campus Site.

7. On November 30, 2004, The Regents released proposed amendments in draft form to its Long Range Development Plan (the "LRDP"), as LRDP Amendment #2. Those amendments contemplate an expansion of UCSF facilities onto the Expansion Parcels. In March 2005, The Regents approved LRDP Amendment #2 and certified a related final environmental impact report (the "LRDP #2 FEIR").

8. On October 4, 2005, the Agency Commission, by Resolution No. 154-2005, adopted environmental findings (the "Findings") as prepared by Agency staff, pursuant to the California Environmental Quality Act ("CEQA"), based on a fifth addendum (the "Addendum #5") to the Mission Bay Final Subsequent Environmental Impact Report (the "Mission Bay FSEIR"), certified on September 17, 1998, by the Agency (Resolution No. 182-98) and the San Francisco Planning Commission (San Francisco Planning Commission Resolution No. 14696). Addendum #5 considered the conclusions reached in the LRDP #2 FEIR compared to the prior Mission Bay FSEIR, and concluded that the LRDP #2 FEIR, in light of The Regents' approval actions, did not identify any new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the Mission Bay FSEIR. The Resolution and its Findings are hereby incorporated herein by this reference as if fully set forth.

9. The Owner and The Regents have entered into an Option Agreement and Grant of Option to Lease, dated as of January 1, 2005 (the "Option to Lease"), which provides that upon the satisfaction of certain conditions and the exercise by The Regents of its option (i) Catellus, as landlord, and The Regents, as tenant, will enter into a long-term ground lease of the Expansion Parcels (the "Lease") and (ii) the Owner and The Regents will at the same time enter into an Option Agreement and Grant of Option to Purchase (the "Option to Purchase") under which The Regents will have an option to purchase the Expansion Parcels.

10. If The Regents exercises the Option to Lease within the option term, the Lease would allow for The Regents to develop up to 1,020,000 leasable square feet on the Expansion Parcels, provided that (a) any development of those parcels is the subject of further environmental review under CEQA, and (b) the
Owner does not lose any of its entitled development potential for the balance of its land nor lose any of its other rights and privileges under the South OPA.

11. The Agency, City and The Regents negotiated a non-binding term sheet, as approved by the Agency Commission on May 17, 2005, by Resolution No. 81-2005, to guide the preparation of final transactional and related documents related to the transfer and development of the Expansion Parcels, including: (1) a Memorandum of Understanding between the Agency and The Regents, which is being considered by the Agency Commission concurrently with this Resolution, pursuant to Resolution No. 176-2005; (2) a Second Amendment to the South OPA, which is being considered by the Agency Commission concurrently with this Resolution, pursuant to Resolution No. 177-2005; and, (3) a Disposition and Development Agreement (the “DDA”) for The Regents to acquire property for, and to construct and subsidize, affordable housing for low-income workers of UCSF.

12. The proposed DDA contains the terms and conditions for transferring an Agency Affordable Housing Parcel to The Regents, which parcel is the easterly 1.6 acre portion of Block 7 on the easterly most part of the block fronting Third Street (or a Substitution Parcel, as defined in the DDA, with substantially the same size, configuration, and development potential as the designated portion of Block 7), located in the Project Area. The DDA also represents partial consideration for the Agency’s (i) consent to the lease or sale of the Expansion Parcels pursuant to the Option to Lease and/or Option to Purchase between Catellus and The Regents, (ii) agreement to release Catellus and the Primary Developer from their obligations under the OPA with respect to the Expansion Parcels, and (iii) agreement to modify The Regents’ obligations as a “Transferee” under the South OPA with respect to the Expansion Parcels. Accordingly, The Regents intend to develop 160 units of affordable housing on a portion of the Agency Affordable Housing Parcels in accordance with the terms and conditions of the DDA.

13. The South OPA and Plan provide for the Agency to construct a comparable amount of affordable housing on this Agency Affordable Housing Parcel and thus potential environmental impacts of development of the Agency Affordable Housing Parcel by The Regents are within the scope of impacts discussed in the Mission Bay FSEIR.

14. As provided in the Mission Bay Housing Program, the Agency elects to include The Regents as a “Qualified Housing Developer” (as that term is defined in the Housing Program). By developing the Affordable Housing Project, The Regents will help meet its own needs for affordable housing, and address the impacts of its development consistent with the principles set forth in its Long Range Development Plan (as amended), and at the same time satisfy the objectives of the Agency and City underlying the Housing Program and the objectives of the Redevelopment Plan. Thus, The Regents have agreed in the DDA to complete the Affordable Housing Project concurrently
with, or before, The Regents completes any construction of the Expansion Parcel Projects, subject to an extension as provided in the DDA.

15. Agency staff is recommending that the Agency Commission approve the DDA.

16. The FSEIR is a program EIR under CEQA Guidelines Section 15168 and a redevelopment plan EIR under CEQA Guidelines Section 15180. Approval of the DDA is an undertaking pursuant to and in furtherance of the Plan in conformance with Section 15180 (the “Implementing Action”).

17. The approval of the DDA is an action related to the Project and does not require additional environmental findings under CEQA beyond the Findings approved by the Agency Commission on October 4, 2005, by Resolution No. 154-2005.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute a Disposition and Development Agreement with The Regents of the University of California, a California public corporation, for the purchase and development of the easterly 1.6 acre portion of Block 7 on the easterly most part of the block fronting Third Street (or a Substitution Parcel, as defined in the Disposition and Development Agreement, with substantially the same size, configuration, and development potential as the designated portion of Block 7), located in the Mission Bay South Redevelopment Project Area, substantially in the form lodged in the office of Agency General Counsel, together with any changes that do not materially affect the substance of the DDA or materially increase the obligations of the Agency, and to execute any and all other conveyance instruments necessary to effectuate the proposed sale, and that Agency staff has reviewed and considered the Mission Bay Final Subsequent Environmental Impact Report (the “Mission Bay FSEIR”) and Addendum No. 5 to the Mission Bay FSEIR and the Findings incorporated in Resolution No. 154-2005, as adopted by the Agency Commission on October 4, 2005, are adopted for this action.

APPROVED AS TO FORM:

[Signature]
James B. Morales
Agency General Counsel