

RESOLUTION NO. 120-2006

Adopted September 19, 2006

CONDITIONALLY APPROVING THE REVISED SCHEMATIC DESIGN FOR A 21-UNIT AFFORDABLE RENTAL HOUSING PROJECT LOCATED AT 2139 O'FARRELL STREET, ASSESSOR'S BLOCK 1101, LOT 022; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

BASIS FOR RESOLUTION

1. On February 24, 1998, by Resolution No. 1998-035, the Redevelopment Agency of the City and County of San Francisco's (the "Agency") Commission authorized staff to enter into an Owner Participation Agreement with Kaiser Foundation Hospitals ("Kaiser") for the development of a 21-unit affordable rental housing project at 2139 O'Farrell Street (the "OPA"), located between Divisadero and Broderick Streets in the Western Addition Redevelopment Project Area A-2 (the "Project Area").
2. Under the OPA, Kaiser is required to build these 21 affordable housing units (the "Replacement Housing Units") to replace the ones that will be lost to demolition when the hospital tears down a Kaiser-owned building located at 1401-1417 Divisadero Street (the "Pink Building") to make way for the hospital's expansion plans.
3. Kaiser is in the middle of a two-phase expansion plan for its Geary Campus, which began in the late 1990s and runs along both sides of Geary Boulevard between Lyon and Divisadero Streets. This expansion plan includes the demolition, construction and redevelopment of most of the hospital's outpatient facilities, and other demolition and construction of new medical office buildings. The first phase has been completed, except for the construction of the Replacement Housing Units. Once the Replacement Housing Units are complete, Kaiser will begin the second phase of its expansion plan.
4. Due to the hospital's budgetary constraints over the last several years, Kaiser has been unable to proceed with its expansion plans. Kaiser is now ready to proceed, and seeks this proposed first amendment to the OPA (the "First Amendment") and a regulatory agreement ("Regulatory Agreement") to amend the schedule of performance and other provisions governing the development of the Replacement Housing Units and subsequent demolition of the Pink Building. The site on which the Replacement Housing Units will be built is currently improved with a three-story medical office building that Kaiser also owns. This medical office building will also be torn down to make way for the Replacement Housing Units and associated parking.

5. Toward this end, Kaiser entered into a development agreement with Tabernacle Community Development Corporation, a California nonprofit public benefit corporation, which is an inter-denominational collaboration of San Francisco clergy dedicated to economic and community development ("Tabernacle"). Under this development agreement: (1) Kaiser will contribute the land and \$5 million toward the total development costs for the Replacement Housing Units and (2) Tabernacle will build the Replacement Housing Units and cover certain development costs over \$5 million. The total development costs are expected to total approximately \$5 million. Kaiser is solely responsible for building the Replacement Housing Units. The Agency will not be responsible for any development costs.
6. Kaiser is seeking approval of the schematic design for the Replacement Housing Units, which is a revision of the one developed at the time the OPA was executed in February 1998. The revised schematic design (along with the proposed First Amendment) was developed in consultation with the Western Addition A-2 Citizens Advisory Committee ("WACAC") and neighboring property owners. The proposed development complies with the requirements of the Western Addition A-2 Redevelopment Plan (the "Plan").
7. The proposed revised schematic design for the Replacement Housing Units acknowledges the residential character of the surrounding buildings, some of which date back to the early 1900s. The design guidelines along this block of O'Farrell Street include a strong masonry base with living spaces that feature bay windows and a strong cornice line at roof level. The project architect, Michael Willis Architects, has designed the building massing into a U-shaped residential tower over the ground floor which accommodates the building entrance and off-street parking for 21 cars. The exterior elevation facing O'Farrell Street is articulated by a rhythm of bay windows to complement the adjacent buildings and maintain the Western Addition neighborhood's architectural character.
8. The project includes seven studios, 11 one-bedroom units, and three two-bedroom units. The specific building materials and colors are still under development, and will be subject to Agency review and approval during the next design phase.
9. The proposed revised schematic design complies with all requirements of the Plan, and staff finds it acceptable provided that the following conditions are resolved during the next design phase:
 - Further design studies are required to develop additional architectural treatment of the exterior elevation elements facing O'Farrell Street to create a more pedestrian-friendly environment.
 - Detailed landscape design drawings for all open spaces in the development, as well as the street trees and sidewalk details, shall be submitted to Agency staff for review and approval.

- Final selection of the exterior materials and colors shall be submitted to Agency staff for review and approval.
10. Regarding compliance with the California Environmental Quality Act (“CEQA”), staff has determined that the proposed project is categorically exempt pursuant to CEQA Guidelines Sections 15301(1)(3) and 15332 because it is an infill development that involves the demolition of a small commercial structure. The existing building at 2139 O’Farrell Street that is proposed to be demolished is a small commercial structure accommodating 29 employees. The development of the Replacement Housing Units will be at a location that is surrounded by urban uses with no habitat value and already served by all necessary utilities and public services.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the revised schematic design proposed by Kaiser Foundation Hospitals, a California nonprofit public benefit corporation, for the development of a 21-unit affordable rental housing project located at 2139 O’Farrell Street, Assessor’s Block 1101, Lot 022 in the Western Addition Redevelopment Project Area A-2 is approved conditionally in the form submitted, subject to resolution of conditions of approval set forth above, together with such refinements as the Executive Director may approve which do not materially alter the proposed schematic design.

APPROVED AS TO FORM:


for James B. Morales 9/12/06
Agency General Counsel