

## RESOLUTION NO. 92-2009

*Adopted August 4, 2009*

### **AUTHORIZING AN EXCLUSIVE NEGOTIATIONS AGREEMENT WITH FOLSOM ESSEX LLC, A CALIFORNIA LIMITED LIABILITY CORPORATION, FOR THE DEVELOPMENT OF APPROXIMATELY 120 UNITS OF VERY LOW-INCOME SUPPORTIVE HOUSING ON TRANSBAY BLOCK 11A, SOUTHEAST CORNER OF FOLSOM AND ESSEX STREETS, AND MAKING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; TRANSBAY REDEVELOPMENT PROJECT AREA**

#### **BASIS FOR RESOLUTION**

1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, Section 33000 *et seq.* the “Law”), the Redevelopment Agency of the City and County of San Francisco (the “Agency”) undertakes programs for the reconstruction or construction in blighted areas in the City and County of San Francisco.
2. In accordance with the Law, the City and County of San Francisco (the “City”), acting through its Board of Supervisors, approved a Redevelopment Plan for the Transbay Redevelopment Project Area (the “Project Area”) by Ordinance No. 124-05, adopted on June 21, 2005 and by Ordinance No. 99-06, adopted on May 9, 2006. In cooperation with the City, the Agency is responsible for implementing the Transbay Redevelopment Plan (the “Redevelopment Plan”).
3. The Redevelopment Plan has a significant affordable housing component. State law requires that at least 35% of all new housing units developed within the Project Area must be affordable housing, or approximately 950 of the 2,650 units. In order to meet the various housing needs of very low-, low- and moderate-income residents, the Agency supports the development of a wide variety of affordable housing types including family rental housing, senior housing, first-time homeowner housing, and supportive housing.
4. On October 27, 2008, the Agency, in collaboration with the San Francisco Department of Public Health Housing and Urban Health Unit (“DPH-HUH”), issued a Housing Development with Intensive Supportive Services Request for Proposals (the “RFP”) for applicants to develop, own, and operate (including the provision of intensive supportive services), approximately 100-120 studio and one-bedroom units of supportive housing for extremely low-income and formerly homeless individuals referred by DPH-HUH on Transbay Block 11A (the “Project”), located at the southeast corner of Folsom and Essex Streets (the “Site”) in the Project Area. Agency staff made extensive outreach efforts to attract submittals from qualified developers by the December 22, 2008 deadline. The RFP set forth specific submission requirements to be met in order to be fully

reviewed by Agency staff. The RFP also set forth that the Agency would seek to enter into an exclusive negotiations agreement for development rights on the Site.

5. The major western portion of the property is currently owned by Caltrans, but it will be transferred to the City and subsequently to the Agency pursuant to: (1) the Cooperative Agreement between the Transbay Joint Powers Authority (“TJPA”) and the City, and (2) the Option Agreement among TJPA, the City and the Agency. The Agency will transfer site control to the Developer through a long-term ground lease agreement. The eastern portion of the property is currently part of 515 Folsom Street and will also be transferred to the City and subsequently to the Agency pursuant to an agreement that is being negotiated with the owners of 515 Folsom Street.
6. The Agency received two submittals, which both met the minimum threshold requirements defined in the RFP. After interviewing both teams, a selection panel composed of Agency staff, a representative from DPH-HUH, and a representative from the Transbay Citizens Advisory Committee, unanimously determined that the applicant team consisting of BRIDGE Housing (“BRIDGE”), Community Housing Partnership (“CHP”), Leddy Maytum Stacy Architects, and the University of California, San Francisco’s Citywide Case Management Program had the strongest submittal and was well-suited to enter into an Exclusive Negotiations Agreement (the “ENA”) with the Agency.
7. BRIDGE and CHP have formed a limited liability corporation (“LLC”), named Folsom Essex LLC (the “Developer”) to act as developer for the Project. The LLC has two members, MCB Family Homes LLC and Community Housing Partnership as co-managing members. MCB Family Homes LLC is an affiliated entity of BRIDGE with overlapping officers with BRIDGE. Folsom Essex LLC will become the managing general partner of a tax credit limited partnership that will later admit an investor member. BRIDGE and CHP will act as co-developers of the Project. While CHP will be responsible for operating the building, BRIDGE will remain in the LLC until the Project is placed in service. If it is necessary for financing purposes, BRIDGE will remain a partner in the LLC for the entire tax credit compliance period. At the time of construction loan closing, all obligations of Folsom Essex LLC will be assigned to the to-be-formed limited partnership.
8. The Developer is now requesting that the Agency execute an ENA to finalize the Project design, assemble the financing package, and negotiate a Disposition and Development Agreement (if necessary), leading to a ground lease for the development of the Project.
9. On April 20, 2004, the Agency Commission adopted Resolution No. 45-2004, certifying the Final Environmental Impact Statement/Environmental Impact Report (the “Final EIS/EIR”) for the Transbay Redevelopment Project, and on January 25, 2005 adopted Resolution No. 11-2005, adopting findings under the California Environmental Quality Act (“CEQA”), a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program in

connection with the adoption of the Redevelopment Plan. The Board of Supervisors and the Planning Commission adopted similar findings. Because the Final EIS/EIR includes evaluation of the proposed Transbay Terminal, TJPA also adopted environmental findings.

10. On June 2, 2006, TJPA adopted an Addendum to the Final EIS/EIR (the “Addendum”), pursuant to CEQA Section 15164, which assessed the additional use of the temporary Transbay Terminal by Greyhound, another transit carrier. TJPA adopted a Second Addendum on April 19, 2007, which assessed modifications of the rail tracks and underground tunnels leading to the Transbay Terminal. In adopting each Addendum, TJPA determined that modifications to the Project would not require subsequent environmental review and would not require major revisions to the Final EIS/EIR.
11. The Final EIS/EIR is a program EIR under CEQA Guidelines Section 15168 and a redevelopment plan EIR under CEQA Guidelines Section 15180. The Final EIS/EIR is also a project EIR under CEQA Guidelines Section 15161 for certain structures and facilities, including the Temporary Terminal. The development of approximately 120 units of very low-income supportive housing on Transbay Block 11A is an undertaking pursuant to and in furtherance of the Redevelopment Plan in conformance with CEQA Sections 15180 and 15168.
12. The ENA with Folsom Essex LLC will not have any direct physical impacts on the environment; however, the ENA will facilitate subsequent construction of supportive housing on Transbay Block 11A, and therefore, the ENA is an undertaking pursuant to and in furtherance of the Redevelopment Plan in conformance with CEQA Sections 15180 and 15168 (the “Implementing Action”).
13. Agency staff, in making the necessary findings for the Implementing Action contemplated herein, considered and reviewed the Final EIS/EIR and Addenda, has made documents related to the Implementing Actions, the Final EIS/EIR, and Addenda available for review by the Agency Commission and the public, and these files are part of the record before the Agency Commission.
14. The Final EIS/EIR findings and statement of overriding considerations adopted in accordance with CEQA by the Agency Commission by Resolution No. 11-2005 dated January 25, 2005 were and remain adequate, accurate and objective and are incorporated herein by reference as applicable to the Implementing Action.

## **FINDINGS**

The Agency finds and determines that the ENA is an Implementing Action within the scope of the project analyzed in the Final EIS/EIR and Addenda and requires no additional environmental review pursuant to State CEQA Guidelines Sections 15180, 15162 and 15163 for the following reasons:

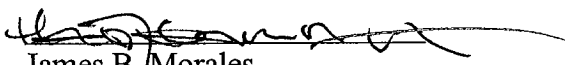
1. The Implementing Action is within the scope of the project analyzed in the Final EIS/EIR and Addenda and no major revisions are required due to the involvement of new significant environmental effects or a substantial increase in the severity of significant effects previously identified in the Final EIS/EIR;
2. No substantial changes have occurred with respect to the circumstances under which the project analyzed in the Final EIS/EIR and Addenda was undertaken that would require major revisions to the Final EIS/EIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the Final EIS/EIR; and,
3. No new information of substantial importance to the project analyzed in the Final EIS/EIR and Addenda has become available which would indicate that (a) the Implementing Action will have significant effects not discussed in the Final EIS/EIR; (b) significant environmental effects will be substantially more severe; (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives which are considerably different from those in the Final EIS/EIR will substantially reduce one or more significant effects on the environment.

## **RESOLUTION**

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco that:

- (1) It has reviewed and considered the Final EIS/EIR findings and statement of overriding considerations and hereby adopts the CEQA findings set forth in Resolution No. 11-2005 incorporated herein and those set forth above.
- (2) The Executive Director is authorized to enter into a Exclusive Negotiations Agreement with Folsom Essex LLC, a California limited liability corporation, to finalize the Project design, assemble the financing package, negotiate a Disposition and Development Agreement (if necessary), and a Ground Lease for development of approximately 120 units of supportive housing for formerly homeless individuals, on Transbay Block 11A, southeast corner of Folsom and Essex Streets, in the Transbay Redevelopment Project Area, substantially in the form lodged with the Agency General Counsel.

**APPROVED AS TO FORM:**

  
James B. Morales  
Agency General Counsel