

RESOLUTION NO. 115-2009

Adopted October 20, 2009

AUTHORIZING THE ACQUISITION OF A PORTION OF BLOCK 3180, LOT 1 LOCATED AT OCEAN AND PHELAN AVENUES FROM THE CITY AND COUNTY OF SAN FRANCISCO FOR AN AMOUNT NOT TO EXCEED \$4,350,000, FOR THE CONSTRUCTION OF UP TO 80 UNITS OF LOW AND VERY LOW-INCOME RENTAL UNITS AND APPROVAL OF A FORM OF PERMIT TO ENTER WITH THE CITY AND COUNTY OF SAN FRANCISCO FOR THE CONTINUED OPERATION OF ITS TRANSIT USE ON THE SITE AND REMOVAL AND RELOCATION OF THE EXISTING BUS LOOP PRIOR TO CONSTRUCTION OF THE AFFORDABLE HOUSING, AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; CITYWIDE TAX INCREMENT HOUSING PROGRAM.

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") is authorized pursuant to California Community Redevelopment Law (Health and Safety Code, Section 33000 *et seq.*), and desires to distribute monies from its tax increment Low and Moderate Income Housing Fund to certain nonprofit sponsors for the specific and special purpose of increasing and maintaining the housing stock in the City and County of San Francisco (the "City") (for very low-, low- and moderate-income individuals and families.
2. The City owns that certain real property known as a portion of Assessor's Block 3180, Lot 1, located at the intersection of Phelan Avenue and Ocean Avenue in the City (the Site"). The City's and Municipal Transportation Agency ("SFMTA") currently uses the Site as a bus loop for its bus lines.
3. The City wishes to facilitate the development of the Site in accordance with the Balboa Park Station Area Plan adopted by the City's Board of Supervisors on April 7, 2009 and approved by the City's Mayor on April 17, 2009, which contemplates replacing the existing bus loop on the Site with a mixed-use affordable housing building. The City will facilitate such development by selling the Site to the Agency and relocating its bus loop to a nearby City-owned parcel. Subsequent to the acquisition of the Site by the Agency the Agency will enter into a ground lease with an affordable housing developer for development of the mixed-use affordable housing building.
4. The Agency now intends to enter into a purchase and sale agreement (the "Purchase Agreement") with the City and acquire the Site for an amount not to exceed \$4,350,000. A deposit of \$1,674,100 is due to SFMTA within 30 days of both parties executing the purchase agreement. If SFMTA cannot secure funding to remove and reconstruct the bus loop within 42 months the Purchase Agreement will terminate. The deposit is fully refundable to the Agency should the Purchase Agreement be terminated and the acquisition not proceed.

5. A form of a Permit to Enter (the "Permit to Enter") between SFMTA and the Agency is attached to the Purchase Agreement and will be executed at the time that the Site is transferred to the Agency. The Permit to Enter requires Commission approval as SFMTA has requested a term of approximately 18 months and the Agency's Permit to Enter Policy, approved on April 1, 2008, requires all Permits to Enter with a term of over 12 months to be submitted to the Commission for approval. The Permit to Enter will allow SFMTA to continue operation of their transit services on the Site and to complete the bus loop relocation work subsequent to the transfer of the Site to the Agency and prior to the development of the affordable housing at the Site.
6. MOH issued a Request for Qualifications ("RFQ") for an affordable housing developer to develop affordable housing and ancillary uses on the Site, ground lease the land from the Agency, and own the leasehold improvements. Four qualified developers submitted responses to the RFQ. An interdisciplinary selection panel consisting of MOH and Agency staff recommended to MOH's Director the selection of the collaboration between Housing Services Affiliate of the Bernal Heights Neighborhood Center and Mercy Housing California (the "Developer"). In order to initiate predevelopment, Bernal submitted a request for \$1,500,000 in predevelopment funding. The Citywide Affordable Housing Loan Committee reviewed the request on September 18, 2009 and forwarded recommendation to the Agency Commission for approval. The developer's request for predevelopment funding is being considered by the Commission concurrently with this request.
7. Based on the analysis contained in the Final Environmental Impact Report (the "FEIR") for the Balboa Park Station Area Plan (the "Area Plan"), and the findings pursuant to the California Environmental Quality Act ("CEQA") adopted by the San Francisco Planning Commission (the "Planning Commission") on December 4, 2008, in Motions No. 17774 and 17775, and the findings adopted by the San Francisco Board of Supervisors (the "Board") on April 7, 2009 in Ordinance No. 060-09 approving the General Plan Amendments in connection with the Area Plan, Agency staff requests that the Agency Commission adopt findings in accordance with CEQA that the Purchase Agreement and Permit to Enter are Implementing Actions of the Project analyzed in the FEIR, pursuant to the approvals granted by the Planning Commission and the Board. Staff, in making the necessary findings for the Implementing Actions contemplated herein, considered and reviewed the FEIR. Documents related to the Implementing Actions and the FEIR have been and continue to be available for review by the Agency Commission and the public and are part of the record before the Agency Commission.

FINDINGS

1. The Agency Commission hereby finds that the approval of the Purchase Agreement and Permit to Enter related to development of very low-income rental

housing on the Phelan Loop Site will be of benefit to the City generally and, in particular, to the Balboa Park Station community.

2. The Agency Commission hereby further finds and determines that the Purchase Agreement and Permit to Enter are Implementing Actions of the Project analyzed in the FEIR pursuant to the approvals granted by the Planning Commission and requires no additional environmental review pursuant to State CEQA Guidelines Section 15096 for the following reasons:
 - a. The Project evaluated in the FEIR consists of the Area Plan and two individual development projects within the boundary of the Area Plan – development of the Phelan Loop Site and the Kragen Auto Parks Site. Accordingly, the FEIR is a program-level EIR for the Area Plan and a project-level EIR for the two individual development sites.
 - b. The Implementing Actions will not change the scope of the Project analyzed in the FEIR, either at an Area Plan program level or at the development site project level, 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 FEIR.
 - c. No substantial changes have occurred with respect to the circumstances under which the Project analyzed in the FEIR was undertaken that would require major revisions to the FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR.
 - d. No new information of substantial importance to the Project analyzed in the FEIR has become available that would indicate that (a) the Implementing Actions will have significant effects not discussed in the FEIR; (b) significant environmental effects will be substantially more severe; (c) mitigation measures found not feasible that would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives that are considerably different from those in the FEIR will substantially reduce one or more significant effects on the environment.
3. The Agency Commission hereby further finds, pursuant to State CEQA Guidelines Section 15091, that the FEIR, Planning Commission Motions No. 17774 and 17775, and the Board Ordinance No. 060-09 were and remain adequate, accurate and objective and are applicable to the Implementing Actions.
4. The Agency Commission hereby declares the following Statement of Overriding Considerations, pursuant to CEQA Guidelines Sections 15096(h) and 15093:
 - a. As evaluated in the FEIR, development of the Phelan Loop Site will not result in any significant and unavoidable impacts; however, as detailed in Planning Commission Motion No. 17775, implementation of the Balboa Park Station Area Plan will result in significant and unavoidable impacts

on the traffic levels of service at the Ocean Avenue/Geneva Avenue/Phelan Avenue intersection and the Geneva Avenue/I-280 Northbound and Southbound Ramps. Implementation of the Area Plan will also result in significant and unavoidable impacts to transit conditions on the K-Ingleside Metro line and the potentially historic Ocean Avenue Neighborhood Commercial District. Implementation of the Area Plan together with other potential development in this part of San Francisco will result in cumulative significant and unavoidable impacts on traffic levels of service at the Ocean Avenue/Junipero Serra Boulevard, the Ocean Avenue/I-280 Northbound On-Ramp, and the Ocean Avenue/San Jose Avenue intersections.

- b. The following specific overriding economic, legal, social, technological, and other considerations outweigh the identified significant effects on the environment:
 - i. Project implementation will fulfill the policies and objectives of the General Plan, including the Air Quality, Urban Design, Transportation Element, Commerce and Industry, Recreation and Open Space, and Arts Elements.
 - ii. Project implementation will further the City's housing goals as established in the Housing Element of the General Plan and elsewhere by changing density controls to provide increased housing opportunities, including housing affordable by very low-income, low-income, and moderate-income persons and families, and decoupling the cost of parking from the cost of housing will decrease the cost of housing for people who do not need parking.
 - iii. Project implementation will help address the City's housing shortage.
 - iv. Project implementation will generate substantial financial benefits for the City, such as direct funding to the City for development of community infrastructure in the Project Area through the new fee program. The Project will also indirectly benefit the City financially through increased revenue to the City and receipt of additional grant funds for the Project Area.
 - v. Project implementation will promote enhanced quality of life in the Project Area through improving the public realm, making the transit experience safer and more enjoyable, and improving the economic vitality of the Ocean Avenue Neighborhood Commercial District.
 - vi. Project implementation will promote enhanced community facilities and open space for new residents of the area, incorporate public art in the design of streets and other public improvements,

and provide funds to improve library services, childcare facilities, and recreational facilities.

- vii. Project implementation will enable enhanced infrastructure and streetscape improvements in the area.
5. Having considered these specific benefits, the Agency finds that the Project's benefits outweigh the unavoidable adverse environmental effects, and that the adverse environmental effects are therefore acceptable.
6. The Agency Commission hereby further finds that, based on the FEIR, Planning Commission Motions No. 17774 and 17775, and the Board Ordinance No. 060-09, all other impacts of the Project would either be less than significant or could be mitigated to less than significant levels, with implementation of the Mitigation Monitoring Program. The Mitigation Monitoring Program will be attached to both the Purchase Agreement and the Permit to Enter.

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 Environmental Impact Report and hereby adopts the CEQA findings set forth herein.
- (2) The Executive Director is authorized to enter into a Purchase and Sale Agreement with the City and County of San Francisco, substantially in the form lodged with the Agency General Counsel, to acquire the property at Ocean and Phelan Avenues, a portion of Block 3180, Lot 1, for an amount not to exceed \$4,350,000 and to enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction, and the form of a Permit to Enter with the City and County of San Francisco for the continued operation of its transit use on the Site and removal and relocation of the existing bus loop prior to construction of the affordable housing is approved; Citywide Tax Increment Housing Program.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel