MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: Authorizing a Loan Agreement with Mercy Housing California 62, L.P., a California Limited Partnership, in the amount of $14,000,000, for activities related to the construction of 69 affordable housing units plus one manager’s unit at 280 Beale Street on Transbay Block 6, approval of an Air Rights Lease for Transbay Block 6 Affordable Housing and adopting environmental findings pursuant to the California Environmental Quality Act; Transbay Redevelopment Project Area

EXECUTIVE SUMMARY

The Transbay Redevelopment Project Area (the “Project Area”) was adopted in 2005 with the purpose of redeveloping 10 acres of property owned by the State of California (the “State-owned parcels”) to generate funding for the Transbay Joint Powers Authority to construct the new Transbay Transit Center (the “TTC”) and meet the affordable housing requirements of Assembly Bill 812 (“AB 812”) (Cal. Pub. Res. Code § 5027.1(b)). AB 812 is an enforceable obligation that requires the Office of Community Investment and Infrastructure (“OCII”), as Successor Agency to the former San Francisco Redevelopment Agency (“Former Agency”), to ensure that 35 percent of the new housing units built in the Project Area are affordable to, and occupied by, low- and moderate-income households. The Transbay Redevelopment Project Area Implementation Agreement (“Implementation Agreement”) is another enforceable obligation that requires OCII to “prepare and sell [certain State-owned parcels that OCII is authorized to acquire] to third parties.” (Section 2.1 (a) of the Implementation Agreement at p. 4). On April 15, 2013, the California Department of Finance (“DOF”) determined “finally and conclusively” that AB 812 and the Implementation Agreement are enforceable obligations that will not require additional DOF review in the future, although expenditures under these enforceable obligations are subject to continuing DOF review.

On July 6, 2011, pursuant to the Implementation Agreement, the Former Agency issued a Request for Proposals (the “RFP”) from development teams to design and develop a high-density, mixed-income residential project on Blocks 6/7 in the Transbay Redevelopment Project Area. On December 6, 2011, after a competitive selection process, the Former Agency Commission conditionally authorized staff to enter into negotiations for the development of Blocks 6/7 with the development team lead by Golub Real Estate Corp. (“Golub”) and Mercy Housing California (“Mercy”). On April 16, 2013, the Commission approved a disposition and development agreement (“DDA”) with Golub and Mercy for
Block 6, requiring Golub to pay a total of $54.3 million for the site, including: 1) a purchase price of $30 million for Block 6 and 2) an affordable housing fee of $24.3 million ("Affordable Housing Fee"), of which $14 million would be applied to the affordable housing on Block 6 (to be constructed at the same time as the market-rate project) and $10.3 million would be applied to the future affordable housing on Block 7. On October 10, 2013, the sale of Block 6 closed and Golub paid the full $54.3 million.

Mercy is now requesting that OCII provide a total loan of $14,000,000 for 70 units of stand-alone affordable family rental housing, including one manager’s unit, on Block 6 ("Block 6 Affordable Project" or the "Project"), which is on schedule to start construction in May 2014. Block 7 is scheduled to start construction in 2015 and will be the subject of future funding requests. This expenditure appears on line 239 of the Recognized Obligations Payment Schedule ("ROPS") 13-14B. At Project completion, the proposed OCII loan, Air Rights Parcel and Air Rights Lease will transfer to the Mayor’s Office of Housing and Community Development ("MOHCD") as successor housing agency. On November 15, 2013, the Citywide Affordable Housing Loan Committee ("Loan Committee") recommended approval of this request. On March 21, 2014 Loan Committee recommended approval of several loan modifications related to the original request.

Also, in preparation for the closing of the construction financing, the Developer is now requesting the OCII Commission authorize the Executive Director to enter into a 75-year Air Rights Lease (see Attachment 4), with one option for 24 additional years, with Mercy Housing California 62, L.P. (the limited partnership created by the Developer as required for low income housing tax credit financing). The annual rent for the site, which is set at 10% of the value of the site, will total $433,896, and consists of a $15,000 base rent and $418,896 in residual rent.

*Staff recommends authorization of a Loan Agreement with Mercy Housing California 62, L.P., a California Limited Partnership, in the amount of $14,000,000, for activities related to the construction of 69 affordable housing units plus one manager’s unit and authorization of an Air Rights Lease for Transbay Block 6 Affordable Housing at 280 Beale Street on Transbay Block 6.*

**DISCUSSION**

**Project Description**

Blocks 6/7 comprise two adjacent development sites connected by a proposed extension of Clementina Alley. Block 6 is a 42,625-square-foot parcel on Folsom Street between Fremont and Beale Streets, two blocks south of the future Transbay Transit Center. Block 7 is a 27,728-square-foot parcel located between Fremont and Beale Streets, immediately north of Block 6. Per the RFP, the two sites will share an underground parking garage.

The Blocks 6/7 development program and schematic design were approved by Commission in April 2013 and conform to the goals and requirements of the Redevelopment Plan, the Development Controls and Design Guidelines ("DCDG"), and the Transbay Redevelopment Project Area Streetscape and Open Space Concept Plan (the "Streetscape and Open Space Plan"). The development program includes:
• A market-rate residential project on Block 6, consisting of (1) a 32-story tower on the west end of the block and an attached six-story podium building on Folsom Street with a combined 402 units and (2) a row of two-story townhouses on the south side of Clementina Street with 7 units, for a total of 409 market-rate units (the “Market-Rate Project”);

• The Block 6 Affordable Project, consisting of an eight-story podium building on the east end of the block with 70 units;

• An affordable project on Block 7, consisting of four-story buildings on the east and west ends of the block and a four-story row of stacked townhouses along the north side of Clementina Street, with a total of 77 units (the “Block 7 Affordable Project”);

• A shared underground parking garage with approximately 133 spaces, entirely under Block 6, which will accommodate parking for the Market-Rate Project, the Block 6 Affordable Project and the Block 7 Affordable Project;

• A shared open space on Block 6, which will be used by both the Market-Rate Project and the Block 6 Affordable Project, and which will be open to the public during daytime hours;

• A child care facility on the ground floor of the podium building at the east end of Block 7, which will be open to all children of appropriate age (an operator will be selected by Mercy for OCII and MOHCD approval at a future date during the development process for Block 7);

• A shared open space on Block 7, which will be shared by the residents of the Block 6 Affordable Project, the Block 7 Affordable Project and the child care facility on Block 7 and which will not be open to the public; and

• Streetscape improvements conforming to the Streetscape and Open Space Plan.

Background
The approved development program for Blocks 6/7 includes 556 market-rate and affordable housing units, neighborhood serving retail, and a child-care facility integrated into two master-planned blocks. The original proposal from Golub/Mercy included a purchase price of $30,000,000, 545 total residential units (409 market-rate units, including 61 inclusionary units in the market-rate project and 136 stand-alone affordable units), and a requested subsidy from the Former Agency for the stand-alone affordable units of approximately $200,000 per unit. The development team lead by Golub and Mercy, along with Solomon Cordwell and Buenz (“SCB”) as the lead architect for the market-rate component of the development and Santos Prescott and Associates (“Santos Prescott”), a small business enterprise, as the architect for the affordable component, was selected by the Former Agency after a competitive selection process that included proposals from four development teams.

However, due to the dissolution of the Former Agency on February 1, 2012, and the challenges that created for funding the affordable component of the development, the original proposal from Golub/Mercy was revised. Instead of providing inclusionary units in the market-rate component of the project, Golub proposed to pay an Affordable Housing Fee of $24,300,000 to cover a portion of the anticipated Former Agency subsidy for the affordable component. The Affordable Housing Fee will cover the entire subsidy needed for the affordable component on Block 6, and a portion of the subsidy needed for Block 7. Based on this revised proposal, OCII staff negotiated
the terms of the DDA with Golub/Mercy for the sale of Blocks 6/7 and the development of Block 6 with 409 market-rate units, 70 stand-alone affordable units, shared open space, and a shared underground parking garage. On April 16, 2013, the Commission approved the DDA with Golub and Mercy for Block 6 and included the revised terms for the affordable housing subsidy. The DDA requires Golub to pay a total of $54.3 million for the site, including: 1) a purchase price of $30 million for Block 6 and 2) an affordable housing fee of $24.3 million of which $14 million would be applied to the affordable housing on Block 6 (to be constructed at the same time as the market-rate project) and $10.3 million would be applied to the future affordable housing on Block 7.

Golub currently owns all of Block 6. As required by the DDA, prior to the start of construction of the Block 6 Affordable Project, Golub will transfer an air rights parcel ("Air Rights Parcel"), located above the shared garage that is being constructed by Golub, for the Block 6 Affordable Project to OCII and OCII and Mercy will enter into the Block 6 Affordable Project’s Air Rights Lease ("Air Rights Lease"). OCII will own the Air Rights Parcel until completion of construction of the Block 6 Affordable Project, at which time ownership will transfer to MOHCD as the housing successor, subject to compliance with the Redevelopment Dissolution Law and to issuance of a certificate of completion or other terms specified in the Air Rights Lease. Mercy will own the improvements and lease the air rights from OCII/MOHCD, consistent with the typical ground lease terms of MOHCD and the Former Agency. Golub will own the podium, garage and their tower and townhomes which sit on the podium. The garage spaces allocated to the Block 6 Affordable Project will be provided for in a reciprocal easement agreement which will govern the shared portions of the market rate and affordable projects and will be subject to OCII/MOHCD review and approval.

On October 10, 2013 Golub completed the purchase of Block 6 and paid the Affordable Housing Fee of $24,300,000 in two payments: $20,553,039.29 directly to OCII and $3,746,961.71 to an escrow account held by Mercy (the "Escrow Amount") from which predevelopment and shared garage and podium expenses for the Block 6 & 7 Affordable Housing Projects are paid, subject to OCII approval. Of the Escrow Amount, $3,277,208.84 was designated for Block 6 predevelopment and shared costs and $469,752.87 was designated for Block 7 predevelopment and shared costs. Block 6, including the Market-Rate Project, the shared open space on Block 6, and the shared underground parking garage, began construction November 2013. This request for the Block 6 Affordable Housing Loan and Air Rights Lease are the final approvals for the project, and subject to the Commission’s approvals, the Block 6 Affordable Project will begin construction in May 2014.

Design
The Block 6 schematic design was approved by Commission on April 16, 2013. The Block 6 Affordable Project includes 56 1-bedroom units and 14 2-bedroom units. The Block 7 Affordable Project includes 30 1-bedroom units, 30 2-bedroom units and 17 3-bedroom units. In addition to an attractive, modern design, the Blocks 6/7 development focuses on two key goals: 1) creating opportunities for social interaction between the residents of the different buildings and 2) creating an innovative sustainable design program. Unlike other high-density developments, where residents only interact in elevators and lobbies, the Blocks 6/7 project attempts to create a true community by providing access to large, open balconies and roof decks in addition to the shared open space at the ground level. The roof decks and shared ground floor open space
provide attractive areas for social interaction that will draw people together. In fact, the Block 6 shared open space will be open to the public during the day, and therefore will serve as a neighborhood meeting place, in addition to an amenity for the residents. The Blocks 6/7 design will achieve the Green Point equivalent of LEED Gold certification (125 Green Points).

The Block 6 Affordable Project has a 2,133 square foot retail space which is on the corner of Folsom and Beale. It is expected to serve as a restaurant. Mercy’s commercial development staff has been involved with the design of the space and the coordination of the design of all of the market rate retail space located on the site. The lease up of these spaces will be coordinated between Mercy and Golub’s commercial leasing staff and is subject to the MOHCD Commercial Space Policy, and the Redevelopment Dissolution Law requirements governing the transfer of non-affordable housing assets to the Housing Successor under Health & Safety Code § 34176 (f). Also, as required by the DCDG (and Schematic Design approval in Resolution No. 9-2013), the design includes individually-accessible townhouses on Clementina Alley, to create a more pedestrian-friendly neighborhood environment. Finally, as required by the RFP, the Block 7 Affordable Project will include a child care facility, along with an associated open space, which can be used by the residents of the Block 6 Affordable Project and the Block 7 Affordable Project during evenings and weekends.

The DCDG has no minimum parking requirement, and has a maximum of 1 parking space per unit. The Block 6 and Block 7 Affordable Projects were originally providing 38 parking spaces, which breaks out to 18 for Block 6 and 20 for Block 7. Mercy is requesting the reduction of the overall parking from 38 spaces to 13 spaces. These would be shared by both affordable projects (Blocks 6 and 7). For marketing reasons, Golub is willing to pay for design and construction of 25 additional spaces which cost $60,000 per space and would increase the parking allocation to the 409 market rate units from 85 spaces to 110 spaces. The addition of these spaces to the market rate component will not result in the market rate component exceeding the maximum allowable parking of 1 space per unit. Parking costs are higher than typically seen in affordable housing developments due to the construction type and underground parking garage. Assuming this reduction to the parking spaces allocated to the affordable Project and addition to the parking spaces allocate to the market rate tower, fewer than 30% of market rate housing tenants will have access to parking, so the majority of all residents in market rate and affordable units at Block 6 will not have parking. Mercy is proposing the allocation of these spaces to the market-rate units in order to reduce development costs for the affordable units. Project costs exceed available sources if the level of parking originally attributed to the affordable component was maintained. This is not considered a change or variance from the DCDG or the approved design because the number of parking spaces overall is not changing, nor will any component of Blocks 6/7 exceed the maximum of 1 parking space per unit.

Mercy has many other properties in the City with little to no parking, especially in transit rich, centrally located areas such as Transbay and does not consider parking necessary to serve the needs of the residents in this area. In fact, transit options in Transbay exceed those available in most of Mercy’s other family housing developments. Mercy staff expects, based on their experience with other family developments with little or no parking options, that in addition to mass transit, the Block 6 households will utilize a wide range of transportation options including Uber and Side Car. CarShare spaces will be in the Transbay garage, and Mercy will negotiate to obtain a reduced rate for residents. Mercy also plans to explore partnerships with ZipCar to try to
ensure a variety of options. The Transbay garage will have a large, secure bike room that will provide space for 48 bikes, which should be ample to serve the needs for all the affordable units.

**Current Request**

**Loan**

The Developer is now requesting a total loan of $14,000,000 for the Block 6 Affordable Housing Project (the “Loan”). This loan amount was approved by Loan Committee on November 15, 2013. As described in the DDA, this Loan will be entirely funded by the Affordable Housing Fee paid by Golub. The expenditure by OCII of the $14,000,000, including the Escrow Amount for Block 6 described above, is listed as part of item no. 239 of the ROPS 13-14B. As part of the negotiated terms of the DDA, Golub was allowed to pay directly for any predevelopment costs for the Block 6 Affordable Project, up to $3,000,000, plus the shared costs for the underground parking structure and either subtract that amount from or be reimbursed from the Affordable Housing Fee once approved by MOHCD/OCII staff. Therefore pursuant to the DDA, to date OCII has approved the payment of $2,208,374.74 for Block 6 from the Escrow Amount for Block 6 to Golub and Mercy based on documentation of predevelopment expenses and shared project costs. The Loan will include this amount of expenses as the previously paid portion of the Loan. The remaining balance of the Loan will be used for remaining predevelopment and construction of the Block 6 Affordable Project and related soft costs.

The total development cost of the Block 6 Affordable Project is approximately $29,000,000, and other funding sources include: equity raised from the sale of 4% Low-Income Housing Tax Credits and tax-exempt bond financing in the form of mortgage revenue bonds to be issued by the City. At the time of the original Loan Committee approval, Mercy had applied for Affordable Housing Program (“AHP Funds”) from the Federal Home Loan Bank (“FHLB”) funds through sponsor, Silicon Valley Bank (“SVB”) and was denied. At that time, SVB had cautioned the development team that this development may not be competitive even with a higher score because the FHLB prioritizes supportive housing or projects that include donated property. For this reason, the initial proposed budget did not include AHP funds. Mercy agreed to work with OCII/MOHCD staff to determine whether another application will be worthwhile for the Project. At that time Mercy also agreed that if these additional funds are eventually obtained, the Developer will apply them first to increasing parking spaces allocated to the Block 6 Affordable Project up to the originally proposed amount and second to reducing the Loan.

Construction costs are based on a Guaranteed Maximum Price from the contractor, a joint venture between Balfour Beatty and Cahill Construction. Construction costs for the Block 6 Affordable Project are approximately $350 per square foot, $270,000 per unit and $230,000 per bedroom. While the per square foot cost is higher than comparable family projects, the per unit and per bedroom costs are low and therefore considered reasonable given the size, configuration and finish of the project. The design and development team, in collaboration with MOHCD and OCII staff, have pursued value engineering strategies to achieve this cost. The total development cost per unit is lower than comparable family projects.

**Loan Terms**

The Loan is for $14,000,000 and the outstanding principal balance of the Loan will bear simple interest at a rate of 3 percent per annum, as provided in the Promissory Note. The Loan has a repayment term of 55 years, beginning when the Deed of Trust is recorded on the leasehold...
interest ("Loan Closing Date"). The Loan requires that final Loan Closing occur prior to December 31, 2014. In addition to standard closing conditions, the initial Citywide Loan Committee approval included other conditions. These include the provision that any future AHP Funds received by the Project will be used to first increase the number of parking spaces, and then to reduce the Loan, as described above; the staff review and approval of the reciprocal easement agreement to govern the use of shared spaces between the market and affordable projects; and that a maximum of $4,000,000 in predevelopment funds may be disbursed prior to the Loan Closing Date.

Since the loan was originally approved by Loan Committee there were several substantive changes that impacted Project assumptions. First, annual Project rental income was reduced by over $70,000 annually due to a reduction in San Francisco Area Median Income ("AMI") in 2014, which has reduced the amount of permanent debt that the Project can assume. Second, Mercy selected an investor, National Equity Fund ("NEF") and that investor completed an analysis of the debt on the Project as related to Internal Revenue Service ("IRS") regulations and requires changes to the financial structure. Put simply, the IRS requires that project debt is repayable at the end of the loan term. Since many City and OCII sponsored projects do not generate significant cash flow due to the low-income populations that they serve, it is not unusual for the annual interest due to remain unpaid and accrue to a certain extent, depending on the terms of each loan and therefore interfering with a project’s ability to pass this "true debt" test. Third, Mercy made a second application for Affordable Housing Program funds, and now anticipates that it is likely to be awarded funds due to the advanced state of Project readiness and changes to the AHP scoring criteria, which helps to mitigate the reduction in permanent debt, however it will not receive confirmation of that award prior to closing financing and beginning construction. On March 21, 2014, as a result of these changes Loan Committee approved the following loan modifications in order to ensure that the Project is feasible and can meet the requirements of the true debt analysis currently being completed by the investor:

- Allow repayment of the OCII loan ahead of the repayment of the residual ground lease payment in the surplus cash waterfall to ensure that the Project’s debt can be shown as repaid for purposes of the true debt analysis.

- Allow MHC to master lease the commercial space and subsequently provide a guarantee on the income from master rent to the lenders and investors. Currently, the investor cannot include commercial income in cash flow as there is no adequate security for the commercial income. The master lease would allow adequate security and generate approximately $126,000 in additional permanent debt for the Project.

- Allow the Project’s affordability restrictions to increase from 50% of San Francisco Area Median Income ("AMI") up to a maximum of 60% AMI in Year 56 to achieve a positive cash flow when all existing debts are repaid in the event that it is necessary to conform to the true debt analysis.

- Allow the OCII loan interest rate to be reduced to a rate as low as 0% subject to approval from the Director of MOHCD and the Executive Director of OCII in the event that it is possible to conform to the true debt analysis to the satisfaction of the investor and maintain the 50% AMI restrictions for the full 99 year term of the Air Rights Lease.
As described above Loan Committee originally approved the reduction of the overall parking from 38 spaces to 13 spaces for the Project to mitigate Project cost overruns. These spaces would be shared by both affordable projects (Blocks 6 and 7). At that time, Loan Committee required that if AHP funds were eventually awarded, the number of parking spaces should be increased up to 38 spaces. While Mercy is now confident that the Project will receive AHP funds, which will allow them to maintain the approved 13 spaces, the reduction in permanent debt impedes Mercy’s ability to fund additional parking spaces. Further, if the Project does not receive AHP funds, there will be a funding gap. Therefore Loan Committee has recommended that the MOHCD Director and OCII Executive Director be given the authority to allow the Project to further reduce the parking spaces to no less than 8 in the event that the Project does not receive AHP funds, which would fully cover any funding gap caused by the lack of AHP funds.

Loan Committee also approved several loan conditions related to the approved modifications:

- Mercy must work with the Project’s investor and lender and MOHCD to maximize leveraged debt to the Project and maintain the 50% AMI restrictions for as long as possible beyond year 56.

- MOHCD and OCII executive staff must review and approve the final permanent tax exempt bond financed loan terms for the Project.

- The master commercial lease must include language that allows the master rent that is paid to the Project to be readjusted every 10 years subject to MOHCD approval.

- Mercy must seek investor approval of language that states that only in the event of a sale in year 56 would the Project restrictions increase from 50% to 60% of AMI.

- Any reduction in parking stall count from 13 requires the approval of the MOHCD Director and OCII Executive Director.

**Marketing**

The Loan also requires the Developer to provide a marketing plan be submitted to OCII no later than 6 months prior to the anticipated completion date. The marketing plan will include affirmative marketing strategies, and will implement the following occupancy preferences:

1. Certificate of Preference Holders
2. San Francisco residents and workers
3. Members of the general public.

**Air Rights Lease**

The Project will be built in an air rights parcel ("Air Rights Parcel") to be owned by OCII, and subsequently MOHCD, and leased to Mercy via a long term air rights lease ("Air Rights Lease"). Golub currently owns all of Block 6. As required by the DDA, prior to the start of construction of the Project, Golub will transfer the Air Rights Parcel for the Project to OCII and OCII and Mercy will enter into the Air Rights Lease.
The Air Rights Lease terms provide for an Annual Rent set at 10% of the fair market value of the property. The Annual Rent is then paid in two ways: first, a Base Rent of $15,000, which comes out of the project’s annual operating expenses and accrues if not paid and second, a Residual Rent that is equal to the Annual Rent less the $15,000 Base Rent. Residual Rents are paid for only to the extent that there is surplus cash after a project pays all of its operating expenses, and does not accrue if it is not paid. The Annual Rent for the Project is $433,896, therefore the maximum Residual Rent that could be paid in any given year would be $418,896, to the extent this amount is supportable by the Project. This Air Rights Lease structure in essence creates a public land trust that maintains affordability even in the event of an ownership change and offers the best assurance against market rate conversion. The Tenant will be required to begin paying Annual Rent beginning in the year after the Project receives its final Certificate of Occupancy.

The Air Rights Lease imposes long term affordability restrictions, in this case requiring the Project service very low-income households whose initial income does not exceed 50% of Area Median Income, and whose subsequent income does not exceed 120% of Area Median Income. The Air Rights Lease also provides for the manner in which rent increases can be applied, limiting them to no more than the change in annual Area Median Income in a given year, as published by MOHCD.

The Air Rights Lease requires the Tenant to construct the Project in compliance with the approved construction documents and according with an agreed-upon Schedule of Performance. The MOHCD Construction Manager has reviewed the construction documents on behalf of OCII and will continue to monitor progress on the Project until completion. The Air Rights Lease requires any changes to the construction plans after construction has commenced must be approved by OCII, and such change requests must be submitted to OCII with a copy to the MOHCD Construction Manager.

Once the project is completed, OCII will transfer the project and the related agreements including the Loan and Air Rights Lease to MOHCD as the Housing Successor, pursuant to Dissolution Law.

**Compliance with OCII’s Contracting Policies**
The Block 6 Affordable Project is subject to all of OCII’s contracting policies, including the Small Business Enterprise ("SBE") Program, which provides first consideration in awarding contracts to SBEs and sets a goal of 50 percent SBE participation for professional, personal services, and construction contracts, the Minimum Compensation Policy, the Health Care Accountability Policy, the Construction Workforce Agreement, the Permanent Workforce Agreement and the Prevailing Wage Policy. The development team has already brought several SBEs on board, including Santos Prescott, the lead architect for the Block 6 Affordable Project and the Block 7 Affordable Project. During construction, OCII requires that the developer ensure equal opportunities for its construction workforce and sets a 50 percent goal for hiring San Francisco residents. The Project is currently achieving 46% SBE participation for professional services and 46% for construction subcontracting. Please see Attachment 3 for further details.

**Upcoming Actions**
The Block 6 Affordable Project is on schedule to begin construction by May 2014. Staff currently anticipates funding to be available to allow for a Block 7 construction start in mid-
late 2015. In order to be prepared to begin construction on Block 7 by mid to late 2015, staff anticipates returning to Commission for approval of a request for predevelopment funds for Block 7 Summer 2014.

CALIFORNIA ENVIRONMENTAL QUALITY ACT
On April 20, 2004, the Former 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, the TJP also adopted environmental findings.

The Final EIS/EIR includes by reference a number of addenda. The addenda include the following:

- Addendum #1 – adopted by the TJP on June 2, 2006, assessed the additional use of the temporary Transbay Terminal by Greyhound, another transit carrier.
- Addendum #2 – adopted by the TJP on April 19, 2007, assessed modifications of the rail tracks and underground tunnels leading to the new Transit Center.
- Addendum #3 – adopted by the TJP on January 17, 2008, evaluated the addition of 546 Howard Street to the Transit Center.
- Addendum #4 – adopted by the TJP on October 17, 2008, evaluated the configuration, boarding platforms and passenger waiting areas, and bus staging areas of the temporary Terminal, and associated modifications to bus lanes on surrounding streets.
- Addendum #5 – adopted by the TJP on April 9, 2009, evaluated the building design of the new Transit Center.
- Addendum #6 – adopted by the TJP on December 8, 2011, evaluated minor refinements to the proposed bus ramp component of the Transit Center.

In adopting each Addendum, the TJP determined that modifications to the Project would not require subsequent environmental review and would not require major revisions to the Final EIS/EIR.

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 Block 6 DDA is an undertaking pursuant to and in furtherance of the Redevelopment Plan in conformance with CEQA Sections 15180 and 15168 (the “Implementing Action”).

Staff has reviewed the Loan Agreement, Air Rights Lease and related actions for 280 Beale Street and has considered and reviewed the Final EIS/EIR and addenda and finds the proposed action is an Implementing Action and within the scope of the Project analyzed in the Final EIS/EIR and subsequent addenda and no additional environmental review is required pursuant to
State CEQA Guidelines Sections 15180 and 15168. The Final EIS/EIR and addenda were distributed to the Commission in advance of the April 16, 2013 Commission Meeting and are available for review at OCII’s offices.

(Originated by Elizabeth Colomello, Development Specialist)

Tiffany Bohce
Executive Director

Attachment 1: Transbay Block 6/280 Beale Street Loan Evaluation – November 15, 2013
Transbay Block 6/280 Beale Street Loan Modification Evaluation – March 21, 2014
Attachment 2: Transbay Block 6 Affordable Housing Fee Loan Agreement
Attachment 3: SBE Participation List
Attachment 4: Transbay Block 6/280 Beale Street Air Rights Lease