

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 34-2015

Adopted June 16, 2015

AUTHORIZING A PERMANENT LOAN WITH ALICE GRIFFITH PHASE 3A, L.P., IN THE AMOUNT OF \$23,097,522, FOR A TOTAL AGGREGATE LOAN AMOUNT NOT TO EXCEED \$25,591,042, FOR THE DEVELOPMENT OF PHASE 3A OF APPROXIMATELY 92 UNITS OF LOW-INCOME FAMILY RENTAL HOUSING; ALICE GRIFFITH PUBLIC HOUSING SITE, 2500 ARELIOS WALKER DRIVE; AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA

WHEREAS, Under Chapter 5, Statutes of 2011, Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session), and Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session) (collectively, the “Dissolution Law”), the San Francisco Redevelopment Agency (“SFRA”) was dissolved and the non-housing assets and obligations of SFRA were transferred to the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (“Successor Agency”), now known as the Office of Community Investment and Infrastructure or “OCII,” by operation of law; and,

WHEREAS, As required by the Dissolution Law, the oversight board for OCII was established (the “Oversight Board”) to oversee certain fiscal matters of OCII. The Oversight Board has been meeting since March 2012 to perform its duties under the Dissolution Law; and,

WHEREAS, On October 2, 2012, the Board of Supervisors in its capacity as the legislative body of the Successor Agency adopted Ordinance No. 215-12, acknowledging that OCII is a separate legal entity as a result of AB 1484, creating the Community Investment and Infrastructure Commission (the “Commission”) as the policy body of OCII, and delegating to the Commission the authority to act in place of the SFRA to among other matters, implement, modify, enforce and complete the SFRA’s enforceable obligations, approve all contracts and actions related to the assets transferred to or retained by the Commission, including, without limitation, the authority to exercise land use, development, and design approval, consistent with the applicable enforceable obligations, and take any action that the Dissolution Law requires or authorizes on behalf of the Successor Agency, and,

WHEREAS, The Board of Supervisors’ delegation to the Commission, includes the authority to grant approvals under specified land use controls for the Candlestick Point and Phase 2 of the Hunters Point Shipyard Project (the “Shipyard Project”); and,

WHEREAS, In connection with the Shipyard Project, the Board of Supervisors on August 3, 2010, approved amendments to the Hunters Point Shipyard Redevelopment Plan

and the Bayview Hunters Point Redevelopment Plan by ordinances 210-10 and 211-10, respectively (the "Redevelopment Plans"), the SFRA approved the Candlestick Point Design for Development and the Hunters Point Shipyard Phase 2 Design for Development (the "Design for Development Documents") by Resolution 62-2010 and the SFRA and CP Development Co., LP ("Master Developer") entered into a Disposition and Development Agreement (Candlestick Point and Hunters Point Shipyard Phase 2), dated June 3, 2010 (the "DDA") by Resolution 69-2010. The DDA was amended on December 18, 2012, by a First Amendment to the DDA, pursuant to OCII Resolution No. 3-2012; and,

WHEREAS, The DDA establishes the Master Developer's rights to develop within the parameters of the Redevelopment Plans and Design for Development Documents and incorporates through exhibits and attachments various Shipyard Project documents including the Design Review and Document Approval Procedure ("DRDAP"), Below Market-Rate ("BMR") Housing Plan, Transportation Plan, Infrastructure Plan, Community Benefits Plan, Design for Development Documents, Open Space Plan and Sustainability Plan and other documents (together, "Project Documents"); and,

WHEREAS, The BMR Housing Plan stipulates that 31.36% or 3,345 units of 10,500 units be below-market rate units, including a one-for-one replacement of the existing Alice Griffith public housing units ("Alice Griffith Replacement Units"), OCII affordable units, inclusionary units and workforce units in accordance with the City's HOPE SF initiative. Three primary groups of providers will develop the BMR units: (1) the OCII and qualified housing developers selected by OCII will develop the 1,140 OCII Affordable Units on the OCII Lots; (2) the developer of the Alice Griffith Replacement Units will develop 256 Alice Griffith Replacement Units and 248 OCII Affordable Units on the Alice Griffith lots ("AG"); and (3) vertical developers, including Master Developer and its affiliates, will develop 809 Inclusionary Units and 892 Workforce Units in accordance with the BMR Housing Plan; and,

WHEREAS, The BMR Housing Plan also stipulates that the Master Developer provide a per unit subsidy to the AG vertical equal to \$90,000 per Public Housing Replacement Unit, and \$70,000 per Additional Affordable Unit ("Master Developer Subsidy"). The BMR Housing Plan also requires that OCII provide a base subsidy of \$62,017,200 in tax increment gap financing to be divided among the five phases based on development needs per phase. For each phase of AG, OCII and the Master Developer will provide the proportion of the contributions described above that is proportionate to that phase. If, after maximizing all available and appropriate sources other than the Master Developer and OCII, the total development cost ("TDC") for any phase exceeds the TDC initially projected in the DDA, then the excess of the TDC will be considered a cost overrun ("Cost Overrun"). If there are Cost Overruns in any phase, then the Master Developer must cover the proportion of Cost Overruns attributable to the Public Housing Replacement Units and OCII must cover the cost overruns attributable to the Additional Affordable Units. OCII is responsible for funding any gaps in projected tax credit equity and/or Affordable Housing Program funds below what

was projected at the time the DDA was executed. Conversely, additional funding sources unanticipated at the time of the DDA reduces OCII's obligation (e.g., the portion of HUD's CNI Grant described in Recital I for housing development at AG). Therefore, OCII's base subsidy, once the CNI funds are incorporated into the development budget, is \$40,667,200. The respective OCII and Master Developer subsidies must be provided at or prior to the close of construction financing of each phase, pursuant to Section 5.4 (a) and (c) of the BMR Housing Plan; and,

WHEREAS, McCormack Baron Salazar ("MBS" or "Developer") has been selected by the Master Developer to act as the developer for the Alice Griffith Replacement Units; and,

WHEREAS, Under Resolution No. 38-2011, on March 29, 2011, the Former Agency Commission approved a \$3,000,000 predevelopment loan, to be applied on two separate tracks for both master planning and predevelopment for AG Phases 1 and 2; and,

WHEREAS, On August 31, 2011, MBS and the San Francisco Housing Authority ("SFHA") were awarded a \$30,500,000 Choice Neighborhoods Implementation ("CNI") Grant for the redevelopment of Alice Griffith public housing and the associated transformation of the Eastern Bayview neighborhood; and,

WHEREAS, All of the 256 Alice Griffith Replacement Units will be replaced and integrated into newly constructed buildings developed by MBS that will also include 248 new affordable units. The first three phases of new homes will be built on vacant land adjacent to the existing Alice Griffith public housing site currently owned by OCII and SFHA, providing existing residents with the opportunity to move directly from their existing homes into new homes without leaving their community or risking displacement; and,

WHEREAS, The DDA is an enforceable obligation under the Dissolution Law and shown on line HPSY 30 of the Recognized Obligation Payment Schedule (the "ROPS") for January to June 2014, which was approved by the Oversight Board and the California Department of Finance ("DOF"). Accordingly, on December 14, 2012, DOF issued a final and conclusive determination under California Health and Safety Code § 34177.5 (i), that the Phase 1 DDA and the Phase 2 DDA are enforceable obligations that survived the dissolution of the SFRA; and,

WHEREAS, On September 22, 2014 the Oversight approved an expenditure for funding for the redevelopment of Alice Griffith (the "Project") through Items No. 161 and 361 of the ROPS for the period of January 1, 2015 through June 30, 2015 ("ROPS 14-15B"). The reserves for Item 161 consist of funds approved by DOF to be retained through the Low and Moderate Income Housing Funds Due Diligence Reserve for the Alice Griffith Replacement Project. The DOF provided final approval of the expenditure for Item No. 239 through its letter dated December 17, 2013; and,

WHEREAS, Under Resolution No. 104-2014, on December 16, 2014, the Commission approved Alice Griffith Block 1 Schematic Designs (“Alice Griffith Designs”); and,

WHEREAS, On March 21, 2014 the HOPE SF Loan Committee recommended approval of a predevelopment loan in the amount of \$2,493,520 for further predevelopment activities related to Phase 3A of the redevelopment of Alice Griffith; and,

WHEREAS, Under Resolution No. 20-2014, on April 1, 2014, the Commission approved a predevelopment loan in the amount of \$2,493,520 for further predevelopment activities related to Phase 3A of the Project and a Replacement Housing Plan for Phases 1-3 of the Project as required pursuant to Section 33413.5 of the California Health and Safety Code whenever low- or moderate-income units are demolished as part of a redevelopment project that includes Redevelopment Agency funding; and,

WHEREAS, On May 15, 2015 the HOPE SF Loan Committee recommended approval of a permanent loan amount of \$23,097,522, for a total aggregate amount not to exceed \$25,591,042, for Phase 3A (the “Permanent Loan Amount” or “Permanent Loan Agreement”) and \$2,684,080 for a total aggregate amount not to exceed \$5,128,980 for Phase 3B for a total of \$30,720,022 for Phase 3A and 3B combined (“Phase 3A/B Combined Funding Amount”) for activities related to Phase 3 of the Project; and,

WHEREAS, The Loan Amount consists of OCII funds and Master Developer Subsidy per the requirements of the BMR Housing Plan and shown in the following table:

	OCII	Master Developer Subsidy (“MDS”)	Total Funds Approved/Requested
Predevelopment (approved April 1, 2014)	\$2,493,520	\$0	\$2,493,520
Gap	\$7,525,516	\$15,572,006	\$23,097,522
Total	\$10,019,036	\$15,572,006	\$25,591,042

WHEREAS, The portion of the OCII and Master Developer subsidies that are a part of the base contribution and the portion attributable to Cost Overruns as required by the BMR Housing Plan for the Project is shown in the following table:

<i>OCII Permanent Sources</i>	
OCII Funding Base	\$7,733,446
OCII Funding "Cost Overruns"	\$2,285,590
Total OCII Funding	\$10,019,036
CP DEV CO Funding Base	\$8,299,674
CP DEV CO Funding "Cost Overruns"	\$7,272,332
Total Master Developer Subsidy	\$15,572,006
Total Loan Amount	\$25,591,042

WHEREAS, The OCII Executive Director and the Mayor's Office of Housing and Community Development of the City and County of San Francisco Director may approve increases or decreases to the Phase 3A/B Funding Amount and unit count and mix as a part of the Final Financial Plan provided that the total loan amounts for Phase 3A and 3B do not exceed the Phase 3A/B Combined Funding Amount and the combined unit count and mix for 3A and B does not change.

WHEREAS, Under Ordinance 215-12 and the Dissolution Law, OCII has the obligation and authority to provide the funds for the Shipyard Project; and,

WHEREAS, Under Resolution No. 10-2014 (September 22, 2014) adopted by the Oversight Board and approved by DOF, the expenditure for this Loan was approved as part of ROPS 14-15B; and,

WHEREAS, Based on the analysis in Addendum No. 1 to the Final Environmental Impact Report (the "FEIR"), the Planning Department of the City and County of San Francisco concluded that the analyses conducted and the conclusions reached in the FEIR on June 3, 2010, remain valid and the proposed revisions to the Shipyard Project and the two adopted mitigation measures will not cause new significant impacts not identified in the FEIR, and no new mitigation measures will be necessary to reduce significant impacts; further, other than as described in Addendum No. 1, no Shipyard Project changes have occurred, and no changes have occurred with respect to circumstances surrounding the proposed Shipyard Project that will cause significant environmental impacts to which the Shipyard Project will contribute considerably, and no new information has become available that shows that the Shipyard Project will cause significant environmental impacts and, therefore, no supplemental environmental review is required under CEQA beyond Addendum No. 1 to approve the first major phase and sub-phase applications; and,

WHEREAS, OCII staff has reviewed and considered the FEIR, Addendum No. 1, and supporting documentation, in preparing necessary findings for the Commission's consideration, and has made the FEIR, Addendum No. 1, and supporting documentation available for review by the Commission and the public and these files are part of the record before the Commission; and,

WHEREAS, Copies of the FEIR and Addendum No. 1 and supporting documentation are on file with the Commission Secretary and are incorporated in this Resolution by this reference; and,

WHEREAS, The approval of the Permanent Loan Agreement and Housing Replacement Plan are undertakings pursuant to and in furtherance of the Shipyard Project in conformance with CEQA Guidelines Section 15180; and,

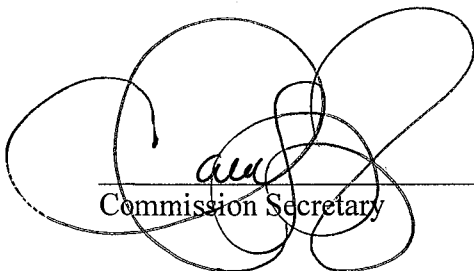
WHEREAS, The FEIR and the CEQA Findings adopted by the Commission pursuant to Resolution No. 59-2010 on June 3, 2010, reflected the independent judgment and analysis of the SFRA Commission, and except for the minor amendments to mitigation measures TR-16 and UT-2, remain adequate, accurate and objective, and were prepared and adopted following the procedures required by CEQA, and the findings in such resolution are incorporated by this reference as applicable to the approval of the Alice Griffith Phase 3A Permanent Loan; and,

WHEREAS, OCII staff has reviewed the Alice Griffith Permanent Loan, and finds it acceptable and recommends approval of the Permanent Loan; and,

WHEREAS, A copy of the Loan Agreement is on file with the Secretary of this Commission; now, therefore, be it

RESOLVED, That the Commission on Community Investment and Infrastructure authorizes the Executive Director to execute a Permanent Loan Agreement in the amount of \$25,591,042, substantially in the form of the agreement on file with the Secretary of the Commission, and approved as to form by the City Attorney, with Alice Griffith Phase 3A, L.P., a California limited partnership, for the development of Phase 3A of approximately 92 units of low-income family rental housing on the Alice Griffith Public Housing Site, 2500 Arelious Walker Drive; Bayview Hunters Point Redevelopment Project Area; and, to enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of June 16, 2015.


Commission Secretary