

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 9-2016

Adopted February 16, 2016

AUTHORIZING AN EXCLUSIVE NEGOTIATIONS AGREEMENT AND A PREDEVELOPMENT LOAN AGREEMENT IN AN AMOUNT NOT TO EXCEED \$2,500,000 WITH MB3E L.P., A CALIFORNIA LIMITED PARTNERSHIP AND AN AFFILIATE OF CHINATOWN COMMUNITY DEVELOPMENT CENTER AND SWORDS TO PLOWSHARES, FOR THE DEVELOPMENT OF 101 AFFORDABLE RENTAL UNITS (INCLUDING ONE MANAGER'S UNIT) FOR FORMERLY HOMELESS VETERANS AND LOW-INCOME FAMILIES AT MISSION BAY SOUTH BLOCK 3 EAST (1150 THIRD STREET), AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

WHEREAS, In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, section 33000 *et seq.* the “CRL”), the former San Francisco Redevelopment Agency (the “Agency”) undertook programs for the reconstruction and construction of blighted areas in the City and County of San Francisco; and,

WHEREAS, In accordance with the CRL, the City, acting through its Board of Supervisors, approved a Redevelopment Plan for the Mission Bay South Redevelopment Project Area (the “Project Area”) by Ordinance No. 335-98 adopted on November 2, 1998. The Redevelopment Plan is referred to as the “Mission Bay South Redevelopment Plan.” In cooperation with the City, the Agency was responsible for implementing the Mission Bay South Redevelopment Plan; and,

WHEREAS, The Mission Bay South Redevelopment Plan provides for the redevelopment, construction and revitalization of the area generally bounded by the China Basin Channel, Seventh and Mariposa Streets, and the San Francisco Bay and containing approximately 238 acres of land. The Mission Bay South Redevelopment Plan anticipates and describes a mixed-use development comprised of public open space, retail, commercial, entertainment uses, and parking and loading uses; and,

WHEREAS, The Mission Bay South Owner Participation Agreement (the “OPA”) between the Agency and FOCIL-MB, LLC (the “Master Developer”) provides that the Master Developer will contribute land to the former Agency, at no cost, for the development of affordable housing and the Agency will oversee the development of up to one thousand one hundred eight (1,108) affordable housing units in the Project Area; and,

WHEREAS, On January 24, 2014, the California Department of Finance (“DOF”) determined “finally and conclusively” that the Mission Bay OPAs and tax allocation pledge agreements are enforceable obligations under the Dissolution Law; and,

WHEREAS, On April 24, 2015, OCII issued a Housing Development Request for Proposals (the “RFP”) for the development and management of up to 101 units of low-income rental housing located at 1150 Third Street (the “Site”), with half of the units to be set aside for formerly homeless veteran households (the “Project”). OCII staff made extensive outreach efforts to attract submittals from qualified developers by the June 24, 2015 deadline. The RFP set forth specific submission requirements to be met in order to be fully reviewed by OCII staff. The RFP also set forth that OCII would seek to enter into an exclusive negotiations agreement for development rights on the Site; and,

WHEREAS, OCII staff received three submittals, all of which met the minimum threshold requirements defined in the RFP. After a thorough review of the submittal, an interview with an interdisciplinary evaluation panel, and presentation to the Mission Bay Citizens Advisory Committee, the evaluation panel determined the development team lead by Chinatown Community Development Center, Swords to Plowshares, and Leddy Maytum Stacy Architects (the “Developer”) was most responsive to the RFP criteria and was well-suited to develop the Project; and,

WHEREAS, OCII staff submitted an information memorandum to the Commission on August 18, 2015 to notify it that staff would be working with Chinatown Community Development Center and Swords to Plowshares towards their formal selection as the lead developers for Block 3 East via an exclusive negotiations agreement, and that OCII would commit predevelopment financing to the project through a predevelopment loan agreement; and,

WHEREAS, The Citywide Affordable Housing Loan Committee (the “Loan Committee”) reviewed OCII staff’s evaluation of the request for funding at its meeting on December 18, 2015, and recommended to the OCII Commission that it authorize OCII to provide the Developer with a predevelopment loan in an amount not to exceed \$2,500,000 (the “Funds”) donated by sf.citi/Mayor’s Office of Housing Opportunity, Partnerships and Engagement or “HOPE,” subject to certain terms and conditions (the “Loan”); and,

WHEREAS, Pursuant to the State law, California Health and Safety Code §§ 34170 *et seq.*, (“Redevelopment Dissolution Law”), the former Agency was dissolved as of February 1, 2012; and,

WHEREAS, On October 2, 2012 the San Francisco Board of Supervisors, acting as legislative body of the Successor Agency, passed Ordinance 215-12, which outlined the rights and responsibilities of OCII as the Agency’s successor agency, including but not limited to the retained existing enforceable obligations for the development of affordable housing required for the Project Area. Accordingly, under Ordinance 215-12 and Redevelopment Dissolution Law, OCII has the obligation and authority to provide the Funds for the Project; and,

- WHEREAS, The Oversight Board of the City and County of San Francisco approved, by Resolution No. 13-2015, the expenditures authorized under this Loan as part of the Recognized Obligation Payment Schedule (“ROPS”) for January 1, 2016 to June 30, 2015. Subsequently, DOF approved the ROPS with this expenditure; and,
- WHEREAS, For purposes of implementation and to ensure consistency with the City’s overall affordable housing goals and priorities, OCII has engaged the Mayor’s Office of Housing and Community Development (MOHCD) to provide additional services, construction monitoring and design review, and loan disbursement review and processing. Upon completion of the Project, OCII intends and is obligated, to transfer the affordable housing loan obligation, asset, and ground lease to MOHCD as the designated Successor Housing Agency of the City and County of San Francisco under Board Resolution 11-12, as required by Dissolution Law; and,
- WHEREAS, The Developer desires to enter into and execute an exclusive negotiations agreement (the “ENA”) and the key components include: a \$10,000 Performance Deposit; an initial term until July 24, 2017 (with a potential for two – six month extensions); and a Schedule of Performance which includes performance milestones. The ENA will lead to a long-term ground lease; and,
- WHEREAS, A copy of the ENA, substantially in final form, is attached to the Commission memorandum associated with Resolution No. 9-2016; and,
- WHEREAS, The Developer desires to enter into and execute a loan agreement and promissory note (the “Predevelopment Loan Documents”), which will provide funding in an amount not to exceed \$2,500,000 for predevelopment work associated with the construction of the Project; and,
- WHEREAS, A copy of the Predevelopment Loan Document, substantially in final form, is attached to the Commission memorandum associated with Resolution No. 9-2016; and,
- WHEREAS OCII’s remaining discretionary approvals for the Block 3 East Affordable Housing Project consist of review for consistency under the Design Review and Document Approval Procedure (“DRDAP”) for Mission Bay South and subsequent commitment of permanent financing; and,
- WHEREAS, On September 17, 1998, the Agency certified, by Resolution No. 182-98, the Final Subsequent Environmental Impact Report (“FSEIR”) for Mission Bay North and South pursuant to the California Environmental Quality Act (“CEQA”) and State CEQA Guidelines Sections 15168 (Program EIR) and 15180 (Redevelopment Plan EIR). On the same date, the Agency Commission adopted, by Resolution No. 183-98, environmental findings (and a statement of overriding considerations), in connection with the approval of the Plan, the OPA, and other Mission Bay project approvals (the “Mission Bay Project”). The San Francisco Planning Commission (“Planning Commission”) certified, by Resolution No.

14696, the FSEIR on the same date. On October 19, 1998, the Board of Supervisors adopted Motion No. 98-132 affirming the FSEIR certification and Resolution No. 854-98 adopting environmental findings and a statement of overriding considerations for the Mission Bay Project; and,

WHEREAS Subsequent to certification of the FSEIR, the Agency issued several addenda to the FSEIR (the "Addenda"). The Addenda do not identify any substantial new information or new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the FSEIR; and,

WHEREAS, The FSEIR is a program EIR under CEQA Guidelines Section 15168 and a redevelopment plan EIR under CEQA Guidelines Section 15180. Entering into the ENA and approving the Predevelopment Loan documents for the purpose of developing the Block 3 East Affordable Housing Project are undertakings pursuant to and in furtherance of the Plan in conformance with CEQA Section 15180 ("Implementing Action"); and,

RESOLVED, The Commission has reviewed and considered the FSEIR and Addenda, and hereby adopts the CEQA findings set forth in Resolutions No. 182-98 and No. 183-98 and hereby incorporates such findings by reference as though fully set forth in this Resolution; and be it further

RESOLVED, The Commission finds and determines that the ENA and Predevelopment Loan Documents facilitate the development of the Block 3 East Affordable Housing Project, which is an Implementing Action within the scope of the Mission Bay Project analyzed in the FSEIR and requires no further environmental review beyond the FSEIR pursuant to the State CEQA Guidelines Section 15180, 15162 and 15163 for the following reasons:

- (1) implementation of the Block 3 East Affordable Housing Project does not require major revisions to the FSEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant impacts; and,
- (2) no substantial changes have occurred with respect to the circumstances under which the development of affordable housing on Block 3 East will be undertaken that would require major revisions to the FSEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FSEIR; and,
- (3) no new information of substantial importance relating to the development of affordable housing on Block 3 East has become available, which would indicate that (i) the Block 3 East Affordable Housing Project will have significant effects not discussed in the FSEIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible, which would reduce one or more significant effects, have become feasible; or (iv) mitigation measures or alternatives, which are considerably different from those in the FSEIR, will substantially reduce one or more significant effects on the environment that would change the conclusions set forth in the FSEIR; and, be it further

RESOLVED, The Commission authorizes the Executive Director to: (i) enter into the ENA and the Predevelopment Loan Documents, substantially in the form of the documents approved by legal counsel for OCII, with MB3E, L.P., a California limited partnership, an affiliate of Chinatown Community Development Center and Swords to Plowshares; (ii) to make expenditures consistent with Redevelopment Dissolution Law; and (iii) to enter into any and all ancillary documents or to take any additional actions necessary to consummate the transaction contemplated by this Resolution.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of February 16, 2016.



Commission Secretary