

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 01-2020

*Adopted April 7, 2020*

**AUTHORIZING AN EXCLUSIVE NEGOTIATIONS AGREEMENT AND A PREDEVELOPMENT LOAN AGREEMENT IN AN AMOUNT NOT TO EXCEED \$3,500,000, WITH 350 CHINA BASIN PARTNERS, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, FOR THE DEVELOPMENT OF APPROXIMATELY 140 AFFORDABLE FOR-SALE HOUSING UNITS AT MISSION BAY SOUTH 9A, PROVIDING NOTICE THAT THIS APPROVAL IS WITHIN THE SCOPE OF THE MISSION BAY REDEVELOPMENT PROJECT APPROVED UNDER THE MISSION BAY FINAL SUBSEQUENT ENVIRONMENTAL IMPACT REPORT, A PROGRAM EIR, 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 Redevelopment Agency of the City and County of San Francisco (the “Former Agency”) undertook programs for the reconstruction and construction of blighted areas in the City and County of San Francisco (the “City”); and,

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

WHEREAS, The 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 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 “South 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 one thousand one hundred eight (1,108) affordable housing units in the Mission Bay South Redevelopment Project Area (the “Project Area”), with the ability to construct an additional 110 affordable housing units, pending assessment of the development impacts and any necessary approvals, for a maximum total of one thousand one hundred and eight (1,218) affordable housing units; and,

WHEREAS, On February 10, 2004, the Former Agency approved, by Resolution No 25-2004, the Major Phase for Blocks 8, 9, 9a, 10, 10a, and Parks P18, P19, and P20 that included Mission Bay South Block 9a as an affordable housing site; and,

WHEREAS, On February 1, 2012, state law dissolved all redevelopment agencies, including the Former Agency, and created successor agencies to complete the enforceable obligations of the former redevelopment agencies and to wind down redevelopment affairs. California Health and Safety Code §§ 34170 *et seq.* (the “Redevelopment Dissolution Law”); and,

WHEREAS, The Successor Agency to the Redevelopment Agency of the City and County of San Francisco (commonly known as the Office of Community Investment and Infrastructure) (the “Successor Agency” or “OCII”) is completing the enforceable obligations of the Former Agency in the Project Area, consistent with the Redevelopment Dissolution Law and San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency Commission (“Commission”) and delegating to the Commission the state authority under the Redevelopment Dissolution Law); and,

WHEREAS, On January 24, 2014, the California Department of Finance (“DOF”) determined “finally and conclusively” that the South OPA, including its affordable housing obligations and tax allocation pledge agreement, is an enforceable obligation under the Redevelopment Dissolution Law; and,

WHEREAS, On May 23, 2019, OCII issued a Request for Proposals (the “RFP”) to develop market, and sell affordable for-sale housing units for low- to moderate-income households on Mission Bay South Block 9a, on parcels identified as Block 8719, Lot 005 of that certain map entitled “Final Map Planned Development Mission Bay (9-9A and 10-10A)”, recorded on May 31, 2005 and filed on pages 6-10 in Book BB of the County’s Survey Maps (the “Site”). The OPA identifies the Site as an affordable housing parcel. The development will result in approximately 140 units of for-sale housing priced to be affordable to households earning 80-110% of area median income (“AMI”) as defined by the San Francisco Mayor’s Office of Housing and Community Development (“MOHCD”) (the “Project”); and,

WHEREAS, In response to the RFP, OCII received one proposal and that proposal met the minimum threshold requirements of the RFP. An evaluation panel comprised of OCII staff, City staff, and a community representative evaluated the written proposal and interviewed the development team consisting of Curtis Development (“CD”), Michael Simmons Property Development, Inc. (“MSPDI”), and Young Community Developers, Inc. (“YCD”) (together, the “Respondent”). The evaluation panel determined that the Respondent submitted an application that was responsive to the RFP and included, among other things, income targeting ranging from 80-110% AMI. In recommending the Respondent, the evaluation panel relied on, among other things, the Respondent’s agreement to comply with all of OCII’s policies, including but not limited to insurance and indemnification requirements found in the RFP; and,

WHEREAS, On October 15, 2019, OCII staff provided the Commission with an informational memorandum on the evaluation panel’s recommendation of Respondent as the MBS 9a project development team; and,

WHEREAS, Respondent has formed a single-purpose entity, 350 China Basin Partners, LLC, a California limited liability company (“Developer”), to undertake construction and financing of the Project; and,

WHEREAS, The Citywide Affordable Housing Loan Committee reviewed OCII staff’s evaluation of the request for funding at its meeting on January 17, 2020, and recommended that OCII authorize a predevelopment loan with the Developer in an amount not to exceed \$3,500,000 subject to certain terms and conditions; and,

WHEREAS, On January 28, 2019, the Oversight Board of the City and County of San Francisco approved, by Resolution No. 1-2019, an expenditure for MBS 9a in Item No. 419 of the Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (“ROPS 19-20”), and, on May 17, 2019, the California Department of Finance finally approved ROPS 19-20; and,

WHEREAS, The Developer desires to enter into and execute an exclusive negotiations agreement (the “ENA”), a copy of which, in substantially final form, is attached to the Commission memorandum accompanying this Resolution. The ENA’s key components include: a \$10,000 performance deposit; an initial term of eighteen (18) months, until October 7, 2021 (with up to a twelve-month extension, granted at the discretion of the OCII Executive Director); and a Schedule of Performance that includes performance milestones. The ENA will lead to a disposition and development agreement (“DDA”); and,

WHEREAS, The Developer desires to enter into and execute a loan agreement and promissory note (the “Predevelopment Loan”), a copy of which, in substantially final form, is attached to the Commission memorandum accompanying this Resolution. The Predevelopment Loan will provide funding in an amount not to exceed \$3,500,000 for predevelopment work associated with the construction of Project; and,

WHEREAS, OCII’s remaining discretionary approvals for the Project include review of design documents and approval of permanent financing and a disposition and development agreement with the Developer; and,

WHEREAS, On September 17, 1998, the Agency Commission adopted Resolution No. 182-98 which certified 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 also adopted Resolution No. 183-98, which adopted environmental findings (and a statement of overriding considerations), in connection with the approval of the Plan and other Mission Bay project approvals (the “Mission Bay Project”). The San Francisco Planning Commission (“Planning Commission”) certified the FSEIR by Resolution No. 14696 on the same date. On October 19, 1998, the Board of Supervisors adopted Motion No. 98-132 affirming certification of the FSEIR by the Planning Commission and the Agency, 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 Former 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. Authorizing an ENA and Predevelopment Loan for the purpose of developing the Project is a undertaking pursuant to and in furtherance of the Plan and is an “Implementing Action” in conformance with CEQA Guidelines Sections 15180, 15162, 15165, and 15164; and,

WHEREAS, OCII is making the necessary findings for the Implementing Actions contemplated herein, considered and reviewed the FSEIR, and has made documents related to the Implementing Actions and the FSEIR files available for review by the Commission and the public, and these files are part of the record before the Commission; and,

WHEREAS, The FSEIR findings and statement of overriding considerations adopted in accordance with CEQA by the Former Agency Commission by Resolution No. 183-98 dated September 17, 1998, reflected the independent judgment and analysis of the Former Agency, were and remain adequate, accurate and objective and were prepared and adopted following the procedures required by CEQA, and the findings in said resolutions are incorporated herein by reference as applicable to the Implementing Action; and,

WHEREAS, Copies of the FSEIR, Addenda, and supporting documentation are on file with the Commission Secretary and are incorporated in this Resolution by this reference; and, now, therefore be it,

RESOLVED, The Commission finds and determines that the ENA and Predevelopment Loan facilitate the development of the Project and are Implementing Actions within the scope of the Mission Bay Project analyzed in the FSEIR and require no further environmental review beyond the FSEIR pursuant to the State CEQA Guidelines Sections 15180, 15162 and 15163 for the following reasons:

- (1) the Implementing Actions are consistent with the Mission Bay Project analyzed in the FSEIR and do 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 Mission Bay Project analyzed in the FSEIR 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 Mission Bay Project analyzed in the FSEIR has become available which would indicate that

(i) the Implementing Actions 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 has reviewed and considered the FSEIR findings and statement of overriding considerations, and hereby adopts the CEQA findings set forth in Resolutions No. 182-98 and No. 183-98, which are incorporated herein, and those set forth above; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to: (i) enter into the ENA and Predevelopment Loan, substantially in the form of the documents approved by legal counsel for OCII, with 350 China Basin Partners, LLC, a California limited liability company; (ii) make expenditures consistent with the ENA, Predevelopment Loan, and Redevelopment Dissolution Law; and (iii) 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 April 7, 2020.

  
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Commission Secretary