

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 04-2024

AUTHORIZING A FIRST AMENDMENT TO THE AMENDED AND RESTATED LOAN AGREEMENT WITH 350 CHINA BASIN PARTNERS, LLC, A LIMITED LIABILITY COMPANY, TO INCREASE THE BUDGET BY \$8,000,000 FOR A TOTAL AGGREGATE AMOUNT OF \$83,184,522 FOR THE CONSTRUCTION OF A 148-UNIT AFFORDABLE FOR-SALE RESIDENTIAL PROJECT AT 400 CHINA BASIN STREET (MISSION BAY SOUTH BLOCK 9A); PROVIDING NOTICE THAT THIS APPROVAL IS WITHIN THE SCOPE OF THE MISSION BAY PROJECT APPROVED UNDER THE MISSION BAY FINAL SUBSEQUENT ENVIRONMENTAL IMPACT REPORT ("FSEIR"), A PROGRAM EIR, AND IS ADEQUATELY DESCRIBED IN THE FSEIR FOR THE PURPOSES OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

WHEREAS, On September 17, 1998, the former Redevelopment Agency of the City and County of San Francisco ("Redevelopment Agency") approved, by Resolution No. 190-98, the Redevelopment Plan for the Mission Bay South Redevelopment Project Area ("Redevelopment Plan"). The Redevelopment Agency Commission also adopted related documents, including Resolution No. 193-98 conditionally authorizing execution of an Owner Participation Agreement ("South OPA") with Catellus Development Corporation, a Delaware corporation ("Catellus"). On November 2, 1998, the San Francisco Board of Supervisors ("Board of Supervisors") adopted, by Ordinance No. 335-98, the Redevelopment Plan. The Redevelopment Plan and its implementing documents, as defined in the Redevelopment Plan, constitute the "Plan Documents," and,

WHEREAS, FOCIL-MB, LLC, ("FOCIL-MB"), a subsidiary of Farallon Capital Management, LLC, assumed all of Catellus' obligations under the South OPA, as well as all responsibilities under the related public improvement agreements and land transfer agreements with the City and County of San Francisco ("City"). FOCIL-MB is bound by all terms of the South OPA and related agreements, including the requirements of the affordable housing program, equal opportunity program, and design review process; 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 February 17, 2004, the Former Agency approved, by Resolution No. 25-2004, the Major Phase for Blocks 8010a, and Parks P18, P19, and P20 (“2004 Major Phase”) that included Mission Bay South Block 9a as an affordable housing site; and,
- WHEREAS, On June 14, 2006, the Former Agency and FOCIL-MB entered into a Memorandum of Option for Mission Bay South Block 9a whereby the Former Agency could acquire fee title to develop an Agency Affordable Housing Project consistent with the rights and obligations under the South OPA; 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 April 7, 2020, the OCII Commission authorized, by Resolution No. 01-2020, the Executive Director to enter into a \$3,500,000 predevelopment loan agreement and promissory note (“Loan Agreement”), and an Exclusive Negotiations Agreement (“ENA”) with 350 China Basin Partners, LLC (“Developer”) for the development of approximately 140 affordable for-sale residential units at Mission Bay South Block 9a (“MBS 9a”); and,

- WHEREAS, On February 16, 2021, the Commission adopted, by Resolution No. 06-2021 amendments to the Design for Development (“D for D Amendment”) for Mission Bay South Project Area (“Project Area”) in connection with MBS 9a project. The D for D Amendment included: 1) Increasing the maximum developable area allocated to midrise buildings between 65 feet and 90 feet in height within Height Zone HZ-4 from 28,824 square feet to 39,656 square feet, with the increase available to be used by MBS 9a; and 2) Allowing increased height of no more than 90 feet on MBS 9a’s street-fronting facades along China Basin Street and Bridgeview Way; and,
- WHEREAS, Pursuant to the Plan Documents, including the DRDAP, the Developer submitted a Combined Basic Concept and Schematic Design application for the MBS 9a project (“BCSD”). The MBS 9a project consists of 148 affordable for-sale residential units and associated parking and open space. The Commission conditionally approved the BCSD on February 16, 2021, by Resolution No. 07-2021; and,
- WHEREAS, The Citywide Affordable Housing Loan Committee reviewed OCII staff’s evaluation for additional predevelopment funding at its meeting on November 5, 2021, and recommended that OCII authorize the additional predevelopment funds for unanticipated design and engineering costs and for a pile indicator program (to reduce the construction timeline) through a First Amendment to the Loan Agreement with the Developer in an amount not to exceed \$1,500,000, and \$70,184,522 in gap financing subject to certain terms and conditions; and,
- WHEREAS, On December 7, 2021, the Commission adopted, by Resolution No. 45-2021, a First Amendment to the Loan Agreement dated April 7, 2020, and an amended and restated promissory note for an additional \$1,500,000 in predevelopment financing, for an aggregate amount of \$5,000,000, to fund design, engineering, and indicator pile program work which needs to be completed prior to the start of construction in May 2022. The Commission extended the terms of the ENA to allow the developer to continue predevelopment and to obtain construction loan financing; and,
- WHEREAS, On April 19, 2022, the Commission adopted, by Resolution No. 14-2022, a Disposition and Development Agreement (“DDA”) and an Amended and Restated Loan Agreement in an amount not to exceed Seventy-Five Million One Hundred Eighty-Four Thousand Five Hundred Twenty-Two Dollars (\$75,184,522), which includes the predevelopment funding amount of Five Million Dollars (\$5,000,000), both to develop the 148-unit project, including common areas and parking; and,
- WHEREAS, The Citywide Affordable Housing Loan Committee reviewed OCII staff’s evaluation memo for additional gap funding at its meeting on October 20, 2023, and recommended that OCII authorize the gap funds to address unanticipated interest rate increases by reducing the Goldman Sachs construction loan through a First Amendment to the Amended and Restated Loan Agreement with the Developer in an amount not to exceed \$8,000,000, for a total aggregate amount of \$83,184,522; and,

- WHEREAS, On September 17, 1998, the Redevelopment 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 Redevelopment 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 Redevelopment 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 approved Motion No. 98-132 affirming certification of the FSEIR by the Planning Commission and the Former Agency, and approved 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 and OCII 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; and,
- WHEREAS, On November 3, 2015, the Commission certified the Event Center and Mixed-Use Development at Mission Bay Blocks 29-32 Final Subsequent Environmental Impact Report (the “Event Center FSEIR”), a project EIR pursuant to CEQA and CEQA Guidelines Section 15161, and on the same date, adopted environmental findings, including a statement of overriding considerations for the significant and unavoidable impacts of the Event Center project, rejected project alternatives, and adopted a mitigation and monitoring program; and,
- WHEREAS, The Event Center FSEIR provided project-specific environmental analysis for a multi-purpose event center and related office, retail, parking and open space uses within the Project Area. The Event Center FSEIR also considered a development program consistent with the MBS 9a project in its analysis of cumulative construction and operational impacts of the Event Center; and,
- WHEREAS, Subsequent to certification of the Event Center FSEIR, the Successor Agency issued an addendum to the Event Center FSEIR; and,
- WHEREAS, On April 19, 2022, the Commission determined that the approval of the Disposition and Development Agreement and the Amended and Restated Loan Agreement were within the scope of the Mission Bay project approved under the FSEIR, and are adequately described in the FSEIR for the purposes of CEQA; and,
- WHEREAS, OCII staff has reviewed the First Amendment to the Amended and Restated Loan Agreement (“the First Amendment”), and has found it to be within the scope of the project analyzed in the FSEIR and its subsequent addenda; and,

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

RESOLVED, That the Commission finds that that the authorization of the First Amendment is within the scope of the project analyzed in the FSEIR and require no additional environmental review pursuant to CEQA Guidelines Sections 15180, 15162, 15163, and 15164 for the following reasons:

(1) Implementation of the First Amendment 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 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 to the project analyzed in the FSEIR has become available, which would indicate that (i) implementation of the First Amendment 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 First Amendment to the Amended and Restated Loan Agreement with the Developer, substantially in the form of the document approved by legal counsel for OCII on file with the Commission Secretary and attached to the Commission memorandum accompanying this Resolution, for the development of the Project; and (ii) 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 January 16, 2024.

Commission Secretary