

1 [Mixed-use development of affordable housing and a City office building at 10th and Market
2 Streets]

3 **Resolution endorsing a term sheet describing the key terms and conditions of a mixed-**
4 **use development project at 10th and Market Streets including affordable and market**
5 **rate housing and a new City office building, and urging City staff to proceed with the**
6 **preparation of agreements effectuating such a project.**

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8 WHEREAS, Citizens Housing Corporation ("CHC") and the Tenderloin Neighborhood
9 Development Corporation ("TNDC"), two non-profit public benefit corporations that provide
10 and preserve quality affordable housing for low-income Californians (together, the "Owners"),
11 own a 2.18 acre parcel of land located on the eastern half of the block bounded by Market,
12 Tenth, Mission and Eleventh Streets in the Civic Center area of San Francisco (the
13 "Property"); and,

14 WHEREAS, With the City's assistance, the Owners acquired fee title to ownership of
15 the Property in 2000 from Bank of America at less than fair-market value to further the
16 development of affordable housing on the Property; and,

17 WHEREAS, The Property is zoned C-3-G Downtown and can accommodate a wide
18 range of uses, including high-density residential, office and retail uses, with height limits of
19 320 feet on the Market Street side of the Property; and,

20 WHEREAS, The Owners are seeking to develop over 400 units of affordable and
21 market-rate housing on a portion of the Property, which may include small units for seniors,
22 small households, and larger family-sized apartments (together, the "Housing"); and,

23 WHEREAS, In order to (i) help finance a portion of the costs of the Housing, (ii) take
24 advantage of efficiencies in the planning and entitlement process, and (iii) better serve the
25 City's long-term use and programmatic goals for the area around 10th and Market Streets, the

1 Owners plan to master develop the entire site as a mix of residential, public, commercial and
2 neighborhood-serving retail uses in a transit based environment; and,

3 WHEREAS, The Owners plan to use a portion of the Property to build the Housing, and
4 to use proceeds from developing the remainder of the Property to help support the financial
5 feasibility of the affordable components of the Housing; and,

6 WHEREAS, The Owners conducted a competitive solicitation process seeking a
7 qualified development company to enter into a joint venture to develop the Property and
8 through that process selected Myers to master develop the Property in partnership with the
9 Owners; and,

10 WHEREAS, The City has been trying to acquire fee ownership of 1,000,000 square
11 feet of office space in the Civic Center area to protect the City's General Fund from
12 uncertainties and fluctuations in the rental market for office space and to minimize the costs,
13 inefficiencies and disruptions in service caused by the relocation of City personnel to and from
14 rented space; and,

15 WHEREAS, The Property has certain specific characteristics, including its proximity to
16 the Civic Center and other City office buildings such as City Hall, its proximity to major transit
17 corridors along Market Street and Van Ness Avenue, its location within the Mid-Market
18 Redevelopment Survey Area, its size, its configuration and other physical characteristics, that
19 make it uniquely well situated for the development of an office building for City personnel
20 containing over 440,000 useable square feet (the "City Office Building"); and,

21 WHEREAS, By developing the City Office Building on the Property in conjunction with
22 the Housing as a larger mixed-use development of the site, the City would further multiple
23 public purposes, including: (i) achieving a significant portion of the City's efficiency and
24 programmatic goals related to owning space instead of renting it, as described above,
25 (ii) contributing to the development of a significant number of new affordable and market-rate

1 housing units in a transit based environment, (iii) enlivening and revitalizing a portion of the
2 Mid-Market Redevelopment Survey Area of San Francisco, and (iv) creating an energy
3 efficient, environmentally sensitive, sustainable project; and,

4 WHEREAS, Pursuant to Resolution No. 128-03, the Board of Supervisors endorsed the
5 Owner's concept of developing a mixed-use project at the Property including affordable and
6 market-rate transit based housing, a City Office Building, and other public, commercial and
7 neighborhood-serving retail uses (the "Project") and urged City staff to develop a financing
8 plan to pay for construction of the City Office Building and to identify the key terms and
9 conditions of any required agreements with the Owners and Myers necessary to effectuate
10 the Project, and to provide a written report to the Board of Supervisors summarizing key terms
11 and conditions ("Term Sheet"); and,

12 WHEREAS, City staff has negotiated such a Term Sheet with Myers and the Owners, a
13 copy of which Term Sheet is on file with the Clerk of the Board in File No. _____;
14 now, therefore, be it

15 RESOLVED, That the Board of Supervisors hereby endorses the Term Sheet and
16 urges City staff, including the Mayor's Office (including the Mayor's Office of Public Finance,
17 the Mayor's Office of Housing and the Mayor's Office of Economic Development), the Office of
18 the City Architect, the Real Estate Division, the Planning Department, the San Francisco
19 Redevelopment Agency and the City Attorney's Office to prepare all final agreements
20 necessary to effectuate the Project ("Final Agreements"), and, subject to the completion of
21 environmental review, to submit such Final Agreements to the Board of Supervisors for
22 approval; and, be it

23 FURTHER RESOLVED, That by endorsing and entering into this Term Sheet, the City
24 is not (i) committing itself or agreeing to undertake any conduct to buy or take control over the
25 Property or the Project, or (ii) any other acts or activities requiring the subsequent

1 independent exercise of discretion related to the Project by the City's Planning Commission,
2 Board of Supervisors or any other City department, commission or agency, and that the Final
3 Agreements are and shall remain subject to the prior approval of the City's Board of
4 Supervisors and any other City commission, department or agency with jurisdiction over the
5 Property, which shall occur only after the completion of all environmental reviews required by
6 CEQA, and which approvals may be granted, denied or conditioned upon modifications to the
7 Project Agreements, in their respective sole and absolute discretion.

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