

1 [Ground Lease Agreements - 200 Folsom Street - Transbay Block 2 West Housing and  
2 Community Commercial - \$15,001 per Year]

3 **Resolution approving and authorizing the Office of Community Investment and**  
4 **Infrastructure as Successor Agency to the Redevelopment Agency of the City and**  
5 **County of San Francisco to execute ground leases at 200 Folsom Street (commonly**  
6 **known as Transbay Block 2 West) with Transbay 2 Senior, LP for \$15,000 per year, and**  
7 **with CCDC Transbay 2 Commercial, LLC for \$1 per year, each for a term of 75 years, for**  
8 **the purpose of developing housing for low- and extremely low-income seniors,**  
9 **including formerly homeless seniors, and ground floor community commercial space;**  
10 **and making findings under Health and Safety Code, Section 33433, as required under**  
11 **the Transbay Redevelopment Plan.**

12  
13 WHEREAS, The Successor Agency to the Redevelopment Agency of the City and  
14 County of San Francisco (commonly known as the Office of Community Investment and  
15 Infrastructure or "OCII") and the City and County of San Francisco ("City") desire to increase  
16 the City's supply of affordable housing and encourage affordable housing development  
17 through financial and other forms of assistance; and

18 WHEREAS, The Board of Supervisors of the City adopted the Transbay  
19 Redevelopment Project Area ("Project Area") to undertake a variety of projects and activities  
20 to alleviate blighting conditions; and

21 WHEREAS, The parcel located at 200 Folsom Street, San Francisco, California, in the  
22 Project Area (Assessor's Block 3739 Lot 015, "Property"), is part of an underutilized lot; and

23 WHEREAS, The California Legislature in 2003 enacted Assembly Bill 812 ("AB 812")  
24 authorizing the demolition of the historic Transbay Terminal building and the construction of  
25 the new Transbay Transit Center ("TTC") (Stat. 2003, Chapter 99, codified at § 5027.1 of the

1 Cal. Public Resources Code), and AB 812 also mandated that any redevelopment plan  
2 adopted to finance, in whole or in part, the demolition of the historic Transbay Terminal  
3 building and the construction of the TTC “shall ensure that at least 25 percent of all dwelling  
4 units developed within the project area shall be available at affordable housing cost to, and  
5 occupied by, persons and families whose incomes do not exceed 60 percent of the area  
6 median income, and that at least an additional 10 percent of all dwelling units developed  
7 within the project area shall be available at affordable housing cost to, and occupied by,  
8 persons and families whose incomes do not exceed 120 percent of the area median income”  
9 (the “Transbay Affordable Housing Obligation”); and

10 WHEREAS, In 2003, in an agreement with the Transbay Joint Powers Authority  
11 (“TJPA”) and the City, the State agreed to transfer approximately 10 acres of State-owned  
12 property (“State-owned parcels”) in and around the then-existing Transbay Bus Terminal to  
13 the City and the TJPA, and then have the former San Francisco Redevelopment Agency  
14 (“Former Agency”) sell the State-owned parcels for market rates to finance the TTC  
15 (“Cooperative Agreement”); and

16 WHEREAS, The City agreed, among other things, to commit the property tax revenue  
17 from the State-owned parcels through the Former Agency to the TTC; and

18 WHEREAS, Under the Cooperative Agreement, the State relied on tax increment  
19 financing under a redevelopment plan to improve and sell the parcels; and

20 WHEREAS, The Board of Supervisors adopted a Redevelopment Plan for the  
21 Transbay Redevelopment Project Area by Ordinance No. 124-05 (June 23, 2005) and by  
22 Ordinance No. 99-06 (May 19, 2006) (“Redevelopment Plan”), and the Redevelopment Plan  
23 established a program for the Former Agency (now OCII) to finance the TTC and redevelop  
24 and revitalize the blighted Project Area and requires that the Board of Supervisor shall  
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1 approve the sale or lease of certain parcels by the Former Agency (now OCII) under the  
2 standards of Section 33433 of the California Community Redevelopment Law; and

3 WHEREAS, In 2006, the TJPA and the Former Agency executed an agreement  
4 (“Implementation Agreement”), which required the Former Agency to take the lead role in  
5 facilitating the development of the State-owned parcels, and specifically, the Implementation  
6 Agreement required the Former Agency to: 1) prepare and sell the State-owned parcels to  
7 third parties, 2) deposit the sale proceeds into a trust account to help the TJPA pay the cost of  
8 constructing the TTC, 3) implement the Redevelopment Plan to enhance the financial  
9 feasibility of the TTC, and 4) comply with the Transbay Affordable Housing Obligation; and

10 WHEREAS, In 2008, the City, the Former Agency and the TJPA entered into an  
11 agreement (“Option Agreement”) that granted options to the Former Agency to acquire the  
12 State-owned parcels and arrange for development of the parcels (including Blocks 2 through  
13 12 and Parcel F (Section 2.1 of the Option Agreement at p. 4); and

14 WHEREAS, On February 1, 2012, the State of California dissolved all redevelopment  
15 agencies including the Former Agency pursuant to California Health and Safety Code Section  
16 34170 et seq. (“Redevelopment Dissolution Law”), and under the authority of the  
17 Redevelopment Dissolution Law and San Francisco Ordinance No. 215-12 (October 4, 2012)  
18 (establishing the Successor Agency Commission and delegating to it state authority under the  
19 Redevelopment Dissolution Law), OCII (as the Successor Agency to the Former Agency) is  
20 administering the enforceable obligations of the Former Agency; and

21 WHEREAS, Redevelopment Dissolution Law authorizes successor agencies to enter  
22 into new agreements if they are "in compliance with an enforceable obligation that existed  
23 prior to June 28, 2011" (Cal. Health & Safety Code Section 34177.5 (a)); and

24 WHEREAS, On April 15, 2013, the California Department of Finance (“DOF”)  
25 determined “finally and conclusively,” under Cal. Health & Safety Code § 34177.5 (i), that the

1 Implementation Agreement, and the Transbay Redevelopment Project Tax Increment  
2 Allocation and Sales Proceeds Pledge Agreement (“Pledge Agreement”) are enforceable  
3 obligations; and

4 WHEREAS, The Implementation Agreement, Transbay Affordable Housing Obligation  
5 and several other Transbay obligations require OCII to take the actions proposed by this  
6 Resolution; and

7 WHEREAS, Pursuant to the Redevelopment Dissolution Law, all of the Former  
8 Redevelopment Agency's assets (other than certain housing assets) and obligations were  
9 transferred to the OCII, as Successor Agency to the Former Agency; and

10 WHEREAS, In June 2020, in accordance with its obligations under the Implementation  
11 Agreement and the Redevelopment Plan, OCII issued a Request for Proposals (“RFP”) from  
12 development teams to design and develop two high-density, mixed-use affordable residential  
13 projects with community commercial space on the eastern and western halves of Block 2; and

14 WHEREAS, On January 7, 2021, in accordance with its obligations under the  
15 Implementation Agreement and the Redevelopment Plan, OCII exercised its option under the  
16 Option Agreement and accepted fee title ownership of Transbay Block 2 from the TJPA, and  
17 OCII intends to fund the development of two affordable housing developments on Block 2 in  
18 furtherance of its affordable housing obligations within the Project Area; and

19 WHEREAS, On April 6, 2021, after a competitive selection process, the Successor  
20 Agency Commission authorized staff to enter into negotiations for the ground lease and  
21 development of Block 2 with the co-development team of Mercy Housing California (“Mercy”) and  
22 co-developer Chinatown Community Development Center (“CCDC”), and under the  
23 development proposal from Mercy and CCDC, CCDC will be the lead developer of the “Block  
24 2 West Project”, a senior affordable housing development with community-serving commercial  
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1 at the ground floor, and Mercy will be the lead developer of Block 2 East and will lead the  
2 overall predevelopment of Block 2; and

3 WHEREAS, CCDC's residential development entity, Transbay 2 Senior, LP, a  
4 California limited partnership, has agreed to enter into a ground lease with OCII to develop the  
5 residential component of the Block 2 West Project consisting of approximately 151 affordable  
6 residential units for seniors, including 150 units of low-income rental housing and one  
7 unrestricted manager's unit, with 30 units set aside to serve formerly homeless seniors,  
8 subsidized by the City (through the Mayor's Office of Housing and Community Development)  
9 under the Local Operating Subsidy Program ("LOSP"), and 60 units serving extremely low-  
10 income seniors, supported by rental subsidies from the City's (through the Mayor's Office of  
11 Housing and Community Development) Senior Operating Subsidy Program ("SOS"), with  
12 related management, services and amenity space, associated landscape and access  
13 improvements, an open space courtyard and pedestrian mews with public access; and

14 WHEREAS, CCDC's commercial development entity CCDC Transbay 2 Commercial,  
15 LLC, a California limited liability corporation, has agreed to enter into a ground lease with OCII  
16 to develop the community-serving commercial component of the Block 2 West Project,  
17 approximately 2,950 square feet of community-serving commercial space at the ground floor  
18 of the Block 2 West Project subject to the requirements of Mayor's Office of Housing and  
19 Community Development's Commercial Underwriting Guidelines for community-serving uses;  
20 and

21 WHEREAS, On January 16, 2024, the Successor Agency Commission adopted  
22 Resolution No. 03-2024 approving an affordable housing ground lease with Transbay 2  
23 Senior, LP and a community commercial space ground lease with CCDC Transbay 2  
24 Commercial, LLC, a California limited liability corporation, and a copy of the Successor  
25 Agency Commission Resolution is on file with the Clerk of the Board of Supervisors in File No.

1 240059, and is incorporated herein by reference; and

2 WHEREAS, A Notice of Public Hearing has been published consistent with Health and  
3 Safety Code, Section 33433; and

4 WHEREAS, OCII prepared and submitted a report consistent with the requirements of  
5 Health and Safety Code, Section 33433 (“33433 Report”), including a copy of the proposed  
6 ground leases, and a summary of the transaction describing the cost of the ground leases to  
7 OCII, the value of the property interest to be conveyed, the purchase price and other  
8 information, which was made available for public inspection, and copies of the 33433 Report,  
9 including proposed ground leases and summary of the transaction are on file with the Clerk of  
10 the Board of Supervisors in File No. 240059, and are incorporated herein by reference; now,  
11 therefore, be it

12 RESOLVED, That the Board of Supervisors does hereby find and determine that the  
13 residential ground lease of Block 2 West from OCII to Transbay 2 Senior, LP and the  
14 community-serving commercial ground lease from OCII to CCDC Transbay 2 Commercial,  
15 LLC, a California limited liability corporation: 1) includes consideration to be received by OCII  
16 that is not less than the fair reuse value at the use and with the covenants and conditions and  
17 development costs included in the ground leases; and 2) will assist in the elimination of blight  
18 by converting a former temporary bus terminal parking lot and off-ramps serving the now-  
19 demolished historic Transbay Terminal into a high-density, mixed-use affordable housing and  
20 community-serving commercial development with open space; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors hereby approves and  
22 authorizes OCII to execute the residential ground lease with Transbay 2 Senior, LP and the  
23 community-serving commercial ground lease with CCDC Transbay 2 Commercial, LLC, for  
24 the lease and development of Block 2 West from OCII, substantially in the form lodged with  
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1 the Clerk of the Board of the Supervisors, and to take such further actions and execute such  
2 documents as are necessary to carry out the ground leases on behalf of OCII; and, be it

3 FURTHER RESOLVED, That all actions authorized and directed by this Resolution and  
4 heretofore taken are hereby ratified, approved and confirmed by this Board of Supervisors;  
5 and, be it

6 FURTHER RESOLVED, That within thirty (30) days of the ground leases being fully  
7 executed by all parties, OCII shall provide the final ground leases to the Clerk of the Board of  
8 Supervisors for inclusion into the official file.

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