

Commission on Community Investment and Infrastructure

RESOLUTION NO. 56-2013

Adopted November 19, 2013

AUTHORIZING A GROUND LEASE WITH CARROLL AVENUE SENIOR HOMES, LP, A CALIFORNIA LIMITED PARTNERSHIP, FOR THE DEVELOPMENT OF 120 VERY LOW-INCOME SENIOR RENTAL HOUSING UNITS PLUS ONE MANAGER'S UNIT AT 1751 CARROLL AVENUE (FORMERLY KNOWN AS 5800 THIRD STREET, LOT 3) (ASSESSOR'S BLOCK 5431A, LOT 042)

BASIS FOR RESOLUTION

WHEREAS, In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*, the "Law"), the Redevelopment Agency of the City and County of San Francisco (the "Agency") undertakes programs for the reconstruction and rehabilitation of blighted areas in the City and County of San Francisco; and,

WHEREAS, In accordance with the Law, the City, acting through its Board of Supervisors, approved a Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area (the "Project Area") by Ordinance No. 113-06, adopted on May 16, 2006. In cooperation with the City, OCII is responsible for implementing the Bayview Hunters Point Redevelopment Plan (the "Redevelopment Plan"); and,

WHEREAS, Under California State Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, first Extraordinary Session) ("AB 26"), as amended by California State Assembly Bill No. 1484 ("AB 1484") (together the "Dissolution Laws") the Agency dissolved as a matter of law on February 1, 2012. On October 2, 2012 the San Francisco Board of Supervisors, acting as legislative body of OCII as the successor to the Agency, passed Ordinance 215-12, which outlined the rights and responsibilities of OCII as the Agency's successor agency, including but not limited to certain retained existing enforceable obligations for the development of affordable housing. Accordingly, under Ordinance 215-12 and Dissolution Law, OCII has the obligation and authority to enter into the Ground Lease Agreement as defined below to allow for the development of the Project as defined below; and,

WHEREAS, On September 21, 2010, by Resolution No. 122-2010, the Agency Commission approved the purchase of the real property located at 1751 Carroll Avenue (formerly known as 5800 Third Street, Lot 3) (Assessor's

Block 5431A, Lot 042)(the “Site”). The Agency completed the purchase in February 2011; and,

WHEREAS, A limited partnership consisting of the following general partners: BHPMSS Bayview Seniors LLC, a California limited liability company (“BHPMSS”) and Carroll Avenue Senior Homes MBS GP, Inc., a Missouri corporation (“MBS”), (both general partners of the Carroll Avenue Senior Homes limited partnership)(the “Tenant”) intends to redevelop the Site with 120 very low-income senior rental housing units (plus one manager’s unit) and an approximately 15,000 square foot ground floor senior center, and parking spaces for the residential space and other ancillary uses on the Site (together, the “Project”); and,

WHEREAS, It is the Tenant’s intent to serve the needs of the seniors of the Bayview Hunters Point community by developing the Project to provide housing for 120 very low-income households (plus one manager’s unit) with at least one member who is age 62 years or older and to charge annual rent not to exceed thirty percent (30%) of fifty percent (50%) of Median Income adjusted for household size. Of the 120 units, 23 will be occupied by formerly chronically homeless seniors who will be referred from the Department of Public Health – Direct Access to Housing Program; and,

WHEREAS, The Agency and Bayview Supportive Housing, LLC, a California limited liability company (“BSH”) entered into a Tax Increment Loan Agreement dated January 18, 2011 (the "Predevelopment Loan Agreement"), pursuant to which the Agency agreed to provide BSH with a predevelopment loan in an amount not to exceed \$684,000 (the “OCII Loan”) to pay predevelopment expenses associated with the development of the Project. (BSH (comprised of McCormack Baron Salazar, Inc. and Bayview Hunters Point Multipurpose Senior Services, Inc.) was initially established as the developer entity for the Project. Ultimately all agreements related to the Project, including any executed by BSH, will be assigned to the Tenant.) The predevelopment loan was evidenced by a Promissory Note dated January 18, 2011. OCII and BSH entered into an Amended and Restated Tax Increment Loan Agreement, dated September 3, 2013, to increase the OCII Loan to an amount not to exceed \$19,100,000 to pay for predevelopment costs and construction costs. Concurrent with execution of the Ground Lease Agreement, the OCII Loan will be assigned to the Tenant; and,

WHEREAS, The Project has been identified by the Tenant, and approved by U.S. Department of Housing and Urban Development (“HUD”), as the first phase of off-site housing for qualified Alice Griffith public housing residents, under the \$30.5 million Choice Neighborhoods Implementation Grant (“CNI Grant”) award to Alice Griffith public housing/Eastern Bayview neighborhood. OCII has an enforceable obligation to ensure the

development of the Alice Griffith public housing revitalization through the Hunters Point Shipyard Phase II / Candlestick Point Development and Disposition Agreement. As the first phase of the Alice Griffith revitalization, the Project will prioritize leasing of Project units to Alice Griffith residents who want to live in a senior housing environment. Meanwhile all public housing units will be replaced on-site at Alice Griffith. Accordingly, the Project will be an added option for seniors living at Alice Griffith now who are interested in senior housing and may need better access to senior services; and,

WHEREAS, The Tenant is now requesting to enter into a fifty-five (55) year ground lease (with one forty-four (44) year option) in connection with the development and operation of the Project (the “Ground Lease Agreement”); and,

WHEREAS, For purposes of implementation and to ensure consistency with the City’s overall affordable housing goals and priorities, the Mayor’s Office of Housing and Community Development (“MOHCD”) is providing project management, loan underwriting, construction monitoring and design review, including approving and processing loan disbursements in cooperation with OCII. On January 24, 2012, the City, by Board of Supervisors Resolution 11-12 and in accordance with Section 34176 of Dissolution Law, accepted the transfer of affordable housing assets through the Mayor’s Office of Housing (now MOHCD). Upon completion of the Project, OCII intends to transfer the affordable housing loan obligation, asset, and ground lease to MOHCD as required by Dissolution Law. Additionally, at the time of transfer to MOHCD, or subsequent to such transfer, the Tenant will transfer a portion of an adjacent parcel to MOHCD and the Ground Lease will be amended to reflect a revised legal description based on such transfer; and,

WHEREAS, On September 1, 2005, the Planning Commission adopted a Final Mitigated Negative Declaration (“FMND”) for the proposed Project. The FMND describes the proposed Project, assesses the potential environmental impacts of the Project, and identifies mitigation measures to preclude significant impacts or reduce such impacts to less than significant levels. The Planning Commission also approved a Conditional Use Application and the Mitigation Monitoring Program that attaches the mitigation measures contained in the FMND to the Conditional Use Authorization. On October 12, 2012, an Addendum to the FMND, was prepared and certified to reflect the Project, and the incorporation of streetscape and pedestrian improvements along the northern portion of the site and Carroll Avenue. On October 25, 2012, the Planning Commission found the FMND and the Addendum to FMND were adequate, accurate and objective, reflected the independent analysis and judgment of the Planning Department and the Planning Commission, and is in compliance

with the California Environmental Quality Act (“CEQA”). The Ground Lease Agreement will provide for the leasing of the Site for the construction and operation of the Project, and staff has reviewed the Ground Lease Agreement and finds it to be within the scope of the Project analyzed in the FMND (per CEQA) and addenda and no additional environmental review is needed; and,

WHEREAS, A copy of the Ground Lease Agreement is on file with the Secretary of this Commission; now, therefore, be it

RESOLVED, That the Commission on Community Investment and Infrastructure authorizes the Executive Director to execute a Ground Lease Agreement, substantially in the form of the agreement on file with the Secretary of the Commission and approved as to form by the City Attorney, for an initial term of fifty-five (55) years, with a one forty-four (44) year option, for the development of 120 very low-income senior rental housing units (plus one manager’s unit) and a ground floor senior center at 1751 Carroll Avenue (formerly known as 5800 Third Street, Lot 3) (Assessor's Block 5431A, Lot 042), and to enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of November 19, 2013.


Commission Secretary