

1 [Preservation of Affordable Housing Units - South Beach Marina, Inc. - South Beach Marina
2 Apartments - 2 Townsend Street - Not to Exceed \$59,300,000]

3 **Resolution approving an agreement with South Beach Marina, Inc., to preserve 101**
4 **affordable housing units at South Beach Marina Apartments in an amount not to**
5 **exceed \$59,300,000 and authorizing the Director of the Mayor's Office of Housing and**
6 **Community Development to execute the Agreement on behalf of the City and County of**
7 **San Francisco to prevent the displacement of existing low- and moderate-income**
8 **households residing at the South Beach Marina Apartments, and creating permanent**
9 **affordability restrictions for all units to remain affordable to households earning up to**
10 **120% of Area Median Income.**

11
12 WHEREAS, On December 20, 1985, the former Redevelopment Agency of the City
13 and County of San Francisco (the "Former Agency") issued mortgage revenue bonds in the
14 amount of \$46,655,000 as part of the financing for the South Beach Marina Apartments
15 development (the "South Beach Project"), which resulted in the construction of 414 dwelling
16 units, including commercial space and parking, on Assessor's Parcel Block No. 3789, Lot 26,
17 in the Rincon Point/South Beach Redevelopment Project Area; and

18 WHEREAS, That certain Owner Participation Agreement, between the Former Agency
19 and the South Beach Project owner, dated December 13, 1985, required a percentage and
20 number of dwelling units be offered to low income and moderate income households for a
21 period of no more than 21.5 years and until the mortgage revenue bond financing has ended;
22 and

23 WHEREAS, More than 21.5 years has elapsed since those restrictions took effect and
24 because the mortgage revenue bond financing has ended, the Owner Participation
25

1 Agreement does not currently impose any affordability or below-market rate obligations on the
2 South Beach Project; and

3 WHEREAS, Due to the end of the restrictions, the owner of the South Beach Project,
4 South Beach Marina, Inc., a Florida corporation (the "Owner"), is not currently required to
5 provide below-market rate housing or affordability protections at the South Beach Project; and

6 WHEREAS, In order to ensure the long term availability of affordable housing in the
7 Rincon Point – South Beach Redevelopment area and to prevent the displacement of existing
8 low- and moderate-income households residing at the South Beach Project, the City and
9 County of San Francisco (the "City"), acting through the Mayor's Office of Housing and
10 Community Development (the "MOHCD"), and Owner have reached an agreement which,
11 among other things, will provide that the Owner will voluntarily maintain the current
12 affordability levels of all 101 units and create permanent restrictions on those units so that
13 they remain affordable to households earning up to 120% of Area Median Income (AMI) for
14 the life of the South Beach Project in exchange for certain transferrable and assignable credits
15 which may be applied against any Affordable Housing Fee (as that term is defined in Section
16 415.5 of the San Francisco Planning Code) which would otherwise be payable in the future
17 with respect to any development project that is subject to the Inclusionary Housing Program
18 described in San Francisco Planning Code, Section 415 et seq.; and

19 WHEREAS, Owner and the MOHCD have agreed that in exchange for the retention of
20 the existing 101 below-market rate units at the South Beach Project, the City shall apply a
21 credit in an amount not to exceed Fifty Nine Million and Three Hundred Thousand Dollars
22 (\$59,300,000) (the "Credits") to any future development projects that Owner, its assignees or
23 its affiliates seek to obtain entitlements for, subject to the terms and conditions set forth in the
24 Agreement Preserving Affordable Housing Units at the South Beach Project (the
25 "Agreement"); and

1 WHEREAS, A copy of the Agreement is on file with the Clerk of the Board of
2 Supervisors (the “Clerk”) in File No. 160481, which is hereby declared to be a part of this
3 resolution as if set forth fully herein; and

4 WHEREAS, The MOHCD has reviewed the Agreement and recommends its approval;
5 and

6 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
7 “Board”) finds that the public interest demands the need to maintain an affordable housing
8 mandate and that the City maintain existing below-market rate housing to mitigate the impact
9 of displacing tenants; now, therefore, be it:

10 RESOLVED, By the Board of Supervisors of the City and County of San Francisco as
11 follows:

12 Section 1. Approval of Recitals. The Board finds and determines that the foregoing
13 recitals are true and correct.

14 Section 2. California Environmental Quality Act. The Board finds and determines that
15 approval of this Agreement merely authorizes the City, acting through the MOHCD and the
16 Planning Commission to apply the Credits to any future development projects for which South
17 Beach, its assignees or its affiliates seek to obtain entitlements and that any such future
18 development project shall be subject to a process of thorough public review and input and all
19 necessary and appropriate approvals including environmental review to the extent required
20 under the California Environmental Quality Act (“CEQA”) and other applicable laws. Thus,
21 approval of this Agreement and authorizing the Credits does not constitute a project under
22 CEQA Guidelines, Section 15378(b)(4) because it merely creates a credit mechanism that
23 does not involve any commitment to a specific future project and will not cause a direct
24 physical change in the environment or a reasonably foreseeable indirect physical change in
25 the environment.

1 Section 3. Approval of the Agreement. The Board hereby approves the Agreement
2 on file with the Clerk in File No. 160481 and authorizes the Director of the MOHCD to execute
3 the Agreement on behalf of the City and County of San Francisco in substantially the form
4 presented to this Board.

5 Section 4. Approval of and Recordation of Notice of Special Restrictions on South
6 Beach Project. The Board hereby approves the Notice of Special Restrictions on the South
7 Beach Project on file with the Clerk in File No. 160481 and authorizes the City to execute and
8 record the Notice of Special Restrictions in substantially the form presented to this Board.

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