

1 [Disposition and Development Agreement - Successor Agency to the San Francisco
2 Redevelopment Agency Land - Transbay Block 9]

3 **Resolution approving the disposition of land by the Office of Community Investment**
4 **and Infrastructure as Successor Agency to the San Francisco Redevelopment Agency**
5 **and making findings under the Health and Safety Code, Section 33433, as required**
6 **under the Transbay Redevelopment Plan for the parcel located on Folsom Street**
7 **between Essex and First Streets, Assessor's Parcel Block No. 3736, Lot No. 120,**
8 **commonly known as Transbay Block 9.**

9
10 WHEREAS, Pursuant to the Redevelopment Plan for the Transbay Redevelopment
11 Project Area, as adopted by Ordinance No. 124-05 (June 23, 2005) and by Ordinance No. 99-
12 06 (May 19, 2006) ("Redevelopment Plan"), the Board of Supervisors of the City and County
13 of San Francisco ("Board of Supervisors") shall approve the sale or lease of certain parcels by
14 the Successor Agency to the Redevelopment Agency of the City and County of San Francisco
15 (the "Former Agency" or "Successor Agency," also commonly known as the Office of
16 Investment and Infrastructure ("OCII")) under the standards of Section 33433 of the California
17 Community Redevelopment Law; and

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

21 WHEREAS, The California Legislature in 2003 enacted Assembly Bill 812 ("AB 812")
22 authorizing the demolition of the historic Transbay Terminal building and the construction of
23 the new Transbay Transit Center ("TTC") (Stat. 2003, Chapter 99, codified at § 5027.1 of the
24 Cal. Public Resources Code). AB 812 also mandated that 25% of the residential units
25 developed in the area around the Center "shall be available to" low income households, and

1 an additional 10% “shall be available to” moderate income households if the City and County
2 of San Francisco (“City”) adopted a redevelopment plan providing for the financing of the
3 Center; and

4 WHEREAS, In 2003, in an agreement with the Transbay Joint Powers Authority
5 (“TJPA”) and the City, the State agreed to transfer approximately 10 acres of State-owned
6 property (“State-owned parcels”) in and around the then-existing Transbay Terminal to the
7 City and the TJPA, which would then sell the State-owned parcels and use the revenues from
8 the sales to finance the Center (“Cooperative Agreement”). The City agreed, among other
9 things, to commit the property tax revenue from the State-owned parcels through its
10 Redevelopment Agency to the Center. Under the Cooperative Agreement, the State relied on
11 tax increment financing under a redevelopment plan to improve and sell the parcels; and

12 WHEREAS, The Redevelopment Plan provided for the financing of the TTC and
13 established a program for the Former Agency to redevelop and revitalize the blighted Project
14 Area; and

15 WHEREAS, In 2006, the TJPA and the Former Agency executed an agreement
16 (“Implementation Agreement”), which required the Former Agency to take the lead role in
17 facilitating the development of the State-owned parcels. Specifically, the Implementation
18 Agreement required the Former Agency to: (1) prepare and sell the State-owned parcels to
19 third parties, (2) deposit the sale proceeds into a trust account to help the TJPA pay the cost
20 of constructing the TTC, (3) implement the Redevelopment Plan to enhance the financial
21 feasibility of the Project, and (4) fund the state-mandated affordable housing program; and

22 WHEREAS, In 2008, the City, the Former Agency and the TJPA entered into an
23 agreement that granted options to the Former Agency to acquire the State-owned parcels,
24 arrange for development of the parcels, and distribute the net tax increment to the TJPA to
25 use for the Center (“Option Agreement”). The Option Agreement provided the means by

1 which the Former Agency could fulfill its obligations under the Implementation Agreement to
2 prepare and sell the State-owned parcels, including Blocks 2-12 and Parcel F (Section 2.1 of
3 the Option Agreement at p. 4); and

4 WHEREAS, On February 1, 2012, the Former Redevelopment Agency was dissolved
5 pursuant to the provisions of California State Assembly Bill No. 1X 26 (Chapter 5, Statutes of
6 2011-12, First Extraordinary Session) (“AB 26”), codified in relevant part in California’s Health
7 and Safety Code Sections 34161 – 34168 and upheld by the California Supreme Court in
8 California Redevelopment Assoc. v. Matosantos, No. S194861 (Dec. 29, 2011). On June 27,
9 2012, AB 26 was subsequently amended in part by California State Assembly Bill No. 1484
10 (Chapter 26, Statutes of 2011-12) (“AB 1484”). (Together, AB 26 and AB 1484 are referred to
11 as the “Redevelopment Dissolution Law.”); and

12 WHEREAS, Pursuant to the Redevelopment Dissolution Law, all of the Former
13 Redevelopment Agency’s assets (other than certain housing assets) and obligations were
14 transferred to the Office of Community Investment and Infrastructure (“OCII”), as Successor
15 Agency to the Former Agency; and

16 WHEREAS, Block 9, also identified as Lot 120, Assessor’s Block 3736, is an
17 approximately 31,564-square-foot parcel on Folsom Street west of First Street, two blocks
18 south of the future Transbay Transit Center (the “Site”); and

19 WHEREAS, On September 12, 2012, the Successor Agency complied with its
20 obligations under the Implementation Agreement by issuing a Request for Proposals (the
21 “RFP”) from development teams to design and develop a high-density, mixed-income
22 residential project on Block 9 in the Project Area; and

23 WHEREAS, Three proposals were received and deemed to meet the minimum
24 threshold requirements defined in the RFP. Based on evaluation of the written proposals, as
25 well as interviews with each team, the proposal from Avant Housing, LLC and Essex Portfolio,

1 L.P. with BRIDGE Housing Corporation (BRIDGE), Skidmore Owings & Merrill LLP (“SOM”),
2 and Fougeron Architecture (“Fougeron”) was scored the highest by a selection panel
3 comprised of Successor Agency staff, City staff, and a representative from the Transbay
4 Citizens Advisory Committee (“CAC”). The proposal included a purchase price of
5 \$43,320,000 payable, at the transfer of title, into the trust account established by the TJPA
6 (“Trust Account”); and

7 WHEREAS, On July 16, 2013, the Commission on Community Investment and
8 Infrastructure (the “Commission”), authorized staff to enter into exclusive negotiations for the
9 development of Block 9 with the development team lead by Avant Housing, LLC and Essex
10 Portfolio, L.P. (together “Block 9 Transbay, LLC”) with BRIDGE Housing Corporation
11 (“BRIDGE”); and

12 WHEREAS, On April 15, 2013, the California Department of Finance (“DOF”)
13 determined “finally and conclusively,” under Cal. Health & Safety Code § 34177.5 (i), that the
14 Implementation Agreement, AB 812, and the Transbay Redevelopment Project Tax Increment
15 Allocation and Sales Proceeds Pledge Agreement (“Pledge Agreement”) are enforceable
16 obligations. The Implementation Agreement and several other Transbay obligations require
17 OCII to take the actions proposed by this Resolution; and

18 WHEREAS, Block 9 Transbay, LLC currently anticipates that the development to be
19 constructed will consist of the following components on Block 9: (1) a residential project with
20 approximately 545 total units comprised of 80 percent market-rate units (approximately 436
21 units) and 20 percent below market rate units, but not less than 109 units, affordable to
22 households earning up to 50% Area Median Income (the “BMR Units”) (“Project”) it being
23 understood that the top 21 floors of the building will be comprised solely of Market Rate Units
24 (the “Market Rate Project”) and the bottom 21 floors will be comprised of some Market Rate
25 Units and all of the BMR Units, integrated throughout the bottom 21 floors in a unit mix that is

1 representative of the total market rate units throughout the Project (the “Affordable Project”)
2 and that the Market Rate Project and the Affordable Project may be legally configured in a
3 manner determined by the Developer, including but not limited to, one or more air rights
4 subdivisions, so long as such configuration complies with the then current and applicable
5 federal, state, and local laws, ordinances, rules, and regulations; (2) streetscape
6 improvements, including the construction of certain improvements on Clementina Alley; (3)
7 ground floor retail spaces on Folsom Street; (4) shared mid-block open space; and (5) off-
8 street parking in an underground garage; and

9 WHEREAS, On December 16, 2015, the Commission approved the DDA and the
10 exercise of OCII’s option to acquire Block 9 from the TJPA pursuant to the Option Agreement;
11 and

12 WHEREAS, Block 9, a TJPA-owned parcel, which will be transferred to OCII, located
13 on Folsom Street between Essex and First Streets, Assessor’s Block No. 3736, Lot No. 120,
14 San Francisco, California, in the Project Area, is an underutilized lot currently improved by a
15 surface parking lot (“Property”); and

16 WHEREAS, Notice of the public hearing has been published consistent with Health and
17 Safety Code Section 33433; and

18 WHEREAS, OCII prepared and submitted a report consistent with the requirements of
19 Section 33433 of the Health and Safety Code, including a copy of the proposed DDA, and a
20 summary of the transaction describing the cost of the DDA to OCII, the value of the property
21 interest to be conveyed, the purchase price and other information, which was made available
22 for public inspection; now, therefore, be it

23 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
24 does hereby find and determine that the sale of the Property from OCII to Block 9 Transbay,
25 LLC, a Delaware Corporation: 1) includes consideration to be received by OCII that is not less

1 than the fair reuse value at the use and with the covenants and conditions and developments
2 costs authorized by the DDA; 2) includes a purchase price of \$43,320,000, which was a
3 competitive price achieved through a competitive request for proposals process based on the
4 development permitted on the site and the affordable housing requirements of the
5 Redevelopment Plan, and which will be deposited into a Trust Account maintained by the
6 TJPA for use to help pay the cost of constructing the new Transbay Transit Center; 3) will
7 provide no less than 109 affordable family housing for households with incomes at or below
8 50 percent of area median income; and, 4) will assist in the elimination of blight by converting
9 a underutilized parking lot into a high-density, mixed-use, mixed-income residential
10 development; and, be it

11 FURTHER RESOLVED, That the Board of Supervisors hereby approves and
12 authorizes OCII to execute the DDA for the sale of the Property from the Office of Community
13 Investment and Infrastructure to Block 9 Transbay, LLC, a Delaware limited liability company,
14 substantially in the form of the DDA lodged with the City Attorney, and to take such further
15 actions and execute such documents as are necessary to carry out the DDA on behalf of
16 OCII.

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