

1 [Findings of Fiscal Feasibility - Reservoir Community Partners, LLC - Development of Balboa  
2 Reservoir Site]

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3 **Resolution finding the proposed development of the Balboa Reservoir Site, an**  
4 **approximately 17-acre site located in the Balboa Park area, fiscally feasible under**  
5 **Administrative Code, Chapter 29.**

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7 WHEREAS, The San Francisco Public Utilities Commission (the “SFPUC” or “SFPUC  
8 Commission”) has jurisdiction over the western half of the Balboa Reservoir, an approximately  
9 17-acre property generally bounded by Riordan High School to the north, the Westwood Park  
10 neighborhood to the west, the Avalon Ocean Avenue apartments to the south, and City  
11 College of San Francisco’s Ocean Campus, including the eastern half of the Balboa  
12 Reservoir, to the east (the “Site”); and

13 WHEREAS, In 2014, Mayor Ed Lee announced the Public Lands for Housing program  
14 and identified development of the Site as a critical opportunity to utilize public land to help  
15 address the City’s housing crisis; and

16 WHEREAS, In April, 2015, the Board of Supervisors established the Balboa Reservoir  
17 Community Advisory Committee (“BRCAC”) to formalize the community input process for the  
18 Site; and

19 WHEREAS, The BRCAC has advised the City on a detailed set of Development  
20 Principles & Parameters, which served as guiding principles for the selection of a developer  
21 partner to finance and construct a residential development at the Site; and

22 WHEREAS, In November 2015, the voters of San Francisco approved Proposition K, a  
23 measure authorizing certain housing developments on surplus public land, with 33% of the  
24 housing in each such development to be made permanently affordable to low and moderate-  
25 income households; and

1           WHEREAS, In November 2016, following nearly two years of community outreach, the  
2 SFPUC initiated a developer selection process by issuing a request for qualifications (“RFQ”)  
3 to solicit developers interested in acquiring the Balboa Reservoir site to build mixed income  
4 housing and develop open space; and

5           WHEREAS, A RFQ evaluation panel comprised of City staff, a BRCAC community  
6 representative, and a City College representative evaluated the RFQ responses and  
7 recommended three top-scoring teams in March 2017; the three top-scoring teams were  
8 subsequently invited to respond to a request for proposals (“RFP”) in June of 2017; and

9           WHEREAS, The City invited community members to attend, view and comment on the  
10 three developer proposals at a public workshop at the City College Phelan Avenue campus, a  
11 meeting of the BRCAC, and through the SFPUC website; and

12           WHEREAS, An RFP Panel comprised of City staff, a BRCAC community  
13 representative, and a City College representative selected a joint venture between AvalonBay  
14 Communities and BRIDGE Housing Corporation, working with Mission Housing Development  
15 Corporation, Pacific Union Development Company, and Habitat for Humanity of Greater San  
16 Francisco, as the development team for the Site, and recommended its selection to the  
17 SFPUC General Manager in August 2017; and

18           WHEREAS, On November 14, 2017, by Resolution No. 17-0225, the SFPUC  
19 Commission authorized the SFPUC’s General Manager to execute an Exclusive Negotiating  
20 Agreement (the “ENA”) between the SFPUC and Reservoir Community Partners, LLC, a  
21 Delaware limited liability company (the “Developer”), a joint venture of AvalonBay  
22 Communities and Bridge Housing Corporation, for a proposed housing development project at  
23 the Site (the “Project”), and Developer and the SFPUC have now executed the ENA; and

1           WHEREAS, The Developer is conducting comprehensive community outreach,  
2 including engagement with the BRCAC, City College of San Francisco, and local  
3 neighborhood groups, to receive public feedback as refines its Project proposal; and

4           WHEREAS, The Developer has demonstrated its commitment to the Project by  
5 expending personnel and funding resources and engaging architectural, economic, legal, and  
6 other consultants to conduct due diligence on site conditions, infrastructure requirements, real  
7 estate market conditions and other key factors that will guide the refinement of the proposed  
8 concept plan; and

9           WHEREAS, The proposed Project would provide significant public benefits to the City  
10 and SFPUC including approximately 550 units of permanently affordable housing for low,  
11 moderate, and middle income households; approximately 4 acres of publicly accessible open  
12 space; new infrastructure that will provide access and utilities to the Project; additional  
13 community-serving amenities including a childcare center and community room; new  
14 construction and permanent jobs, including a robust commitment to local hiring; and revenue  
15 to the SFPUC; and

16           WHEREAS, The City and the Developer have outlined the proposed development  
17 program, land use plan and a summary of general terms for future negotiations regarding  
18 development of the Site and the final Project approval documents (the “Development  
19 Overview”); and

20           WHEREAS, The Development Overview reflects the parties’ current understanding of  
21 the Project and is consistent with the Project as proposed by the Developer and shared  
22 publicly during the RFP process; it will be refined through the environmental review process  
23 and by future City and community feedback; and

24           WHEREAS, The City commissioned a third-party consultant to produce a fiscal  
25 feasibility analysis (the “Fiscal Analysis”) to provide the Board of Supervisors with information

1 for its consideration in evaluating the fiscal feasibility of the Project in accordance with San  
2 Francisco Administrative Code, Chapter 29; and

3 WHEREAS, The Development Overview is intended to provide the Board of  
4 Supervisors with a general description of the Project; the Development Overview is not itself a  
5 binding agreement that commits the City, including the SFPUC, or the Developer to proceed  
6 with the approval or implementation of the Project; rather, the Project will first undergo  
7 environmental review under San Francisco Administrative Code, Chapter 31 and the  
8 California Environmental Quality Act (“CEQA”) and will be subject to public review in  
9 accordance with the processes of the City and other government agencies with approval  
10 rights over the Project before any binding agreements, entitlements or other regulatory  
11 approvals required for the Project will be considered; and

12 WHEREAS, The construction cost of the Project will exceed \$25 million and more than  
13 \$1 million in public funds may be used for predevelopment, planning, or construction of the  
14 Project, thus triggering review by the Board of Supervisors to determine the fiscal feasibility of  
15 the Project under Administrative Code, Section 29.1; and

16 WHEREAS, In accordance with Administrative Code, Section 29.3, SFPUC and  
17 Developer have submitted to the Board of Supervisors the Fiscal Analysis, which describes  
18 the Project’s fiscal plan, along with the Development Overview, which provides a general  
19 description of the Project and the general purpose of the Project, copies of which are file with  
20 the Clerk of the Board of Supervisors in File No. 180163; and

21 WHEREAS, Pursuant to Administrative Code, Section 29.2, prior to submittal to the  
22 Planning Department of an environmental evaluation application (“Environmental Application”)   
23 required under San Francisco Administrative Code, Chapter 31 and CEQA related to the  
24 Project, it is necessary for the SFPUC to procure from the Board of Supervisors a  
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1 determination that the plan to undertake and implement the Project is fiscally feasible and  
2 responsible; and

3 WHEREAS, The Board of Supervisors has reviewed and considered the materials  
4 submitted as required by Administrative Code Section 29.3; now, therefore, be it

5 RESOLVED, That the Board of Supervisors finds that the plan to undertake and  
6 implement the Project is fiscally feasible and responsible as set forth in San Francisco  
7 Administrative Code, Chapter 29 (“Fiscal Feasibility Finding”); and, be it

8 FURTHER RESOLVED, That in making the Fiscal Feasibility Finding, the Board of  
9 Supervisors has reviewed and considered the general description of the Project, the general  
10 purpose of the Project, the fiscal plan and other information submitted to it, and has  
11 considered the direct and indirect financial benefits of the Project to the City of San Francisco,  
12 the cost of construction, the available funding for the Project, the long-term operating and  
13 maintenance costs of the Project, and the public debt for the Project; and, be it

14 FURTHER RESOLVED, That pursuant to San Francisco Administrative Code,  
15 Chapter 29, the Environmental Application may now be filed with the Planning Department  
16 and the Planning Department may now undertake environmental review of the Project as  
17 required by San Francisco Administrative Code, Chapter 31 and CEQA; and, be it

18 FURTHER RESOLVED, That Board of Supervisors’ Fiscal Feasibility Finding does not  
19 commit the Board of Supervisors, the SFPUC or any other public agency with jurisdiction over  
20 any part of the Project to approve the terms of any transactions or grant any entitlements to  
21 Developer, nor does either the filing of the Development Overview or the Fiscal Feasibility  
22 Finding foreclose the possibility of considering alternatives to the Project or mitigation  
23 measures to reduce or avoid significant environmental impacts or preclude the City, after  
24 conducting appropriate environmental review under CEQA, from deciding not to grant  
25 entitlements or approve or implement the Project, and while the Development Overview

1 identifies certain essential terms of a proposed transaction with the City through the SFPUC, it  
2 does not set forth all of the final, material terms and conditions of the transaction documents  
3 for the Project; and, be it

4           FURTHER RESOLVED, That the Board of Supervisors will not take any discretionary  
5 actions committing the City to implement the Project, and the provisions of the Development  
6 Overview are not intended to and will not become contractually binding on the City, unless  
7 and until: (1) the Planning Commission has reviewed and considered environmental  
8 documentation prepared in compliance with San Francisco Administrative Code, Chapter 31  
9 and CEQA for the Project and has determined that the environmental documentation complies  
10 with San Francisco Administrative Code, Chapter 31 and CEQA; (2) the SFPUC Commission  
11 has adopted appropriate CEQA findings in compliance with CEQA and has approved the  
12 terms of the final transaction documents for the Project; and (3) the Board of Supervisors has  
13 adopted appropriate CEQA findings in compliance with CEQA and approved a development  
14 agreement and the terms of the final purchase and sale agreement and any other property  
15 transfers for the Project.

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