

BOARD of SUPERVISORS



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MEMORANDUM

TO: Nadia Sesay, Executive Director, Office of Community Investment and Infrastructure

FROM: Erica Major, Assistant Clerk, Land Use and Transportation Committee

DATE: May 9, 2018

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by the Real Estate Division on May 1, 2018:

File No. 180417

Resolution approving and authorizing the acceptance of Yerba Buena Gardens from the Office of Community Investment and Infrastructure, serving as the Successor Agency to the Redevelopment Agency of the City and County of San Francisco to the City and County of San Francisco, in accordance with the Redevelopment Dissolution Law; assuming existing leases, agreements and accounts; accepting and making findings that such acceptance is in accordance with the California Environmental Quality Act, the General Plan, and the eight priority policies of Planning Code, Section 101; and authorizing the Director of Property to execute documents, make certain modifications as necessary, and take certain actions in furtherance of the acceptance of Yerba Buena Gardens and this Resolution, as defined herein.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: Erica.Major@sfgov.org.

1 [Transfer of Yerba Buena Gardens - Office of Community Investment and Infrastructure - City
2 and County of San Francisco]

3 **Resolution approving and authorizing the acceptance of Yerba Buena Gardens from**
4 **the Office of Community Investment and Infrastructure, serving as the Successor**
5 **Agency to the Redevelopment Agency of the City and County of San Francisco to the**
6 **City and County of San Francisco, in accordance with the Redevelopment Dissolution**
7 **Law; assuming existing leases, agreements and accounts; accepting and making**
8 **findings that such acceptance is in accordance with the California Environmental**
9 **Quality Act, the General Plan, and the eight priority policies of Planning Code,**
10 **Section 101; and authorizing the Director of Property to execute documents, make**
11 **certain modifications as necessary, and take certain actions in furtherance of the**
12 **acceptance of Yerba Buena Gardens and this Resolution, as defined herein.**

13
14 WHEREAS, Over a forty-year period, the Redevelopment Agency of the City and
15 County of San Francisco, a public body, corporate and politic (the "Former Agency"),
16 implemented a program of redevelopment under the Redevelopment Plan for the Yerba
17 Buena Center Approved Redevelopment Project Area D-1 ("Redevelopment Plan"), which
18 provided for, among other things, the acquisition of various properties for, and the funding and
19 development of, Yerba Buena Gardens located within three central blocks of the Yerba Buena
20 Center Redevelopment Project Area ("YBG"); and

21 WHEREAS, The Former Agency developed certain properties within YBG, and directly
22 managed and operated these properties (the "YBG Properties"); and

23 WHEREAS, The Board of Supervisors initially adopted, by Ordinance No. 98-66
24 (April 29, 1966), the Redevelopment Plan, which expired by its own terms on January 1, 2011;
25 and

1 WHEREAS, The Former Agency originally acquired the YBG Properties with funds
2 provided through a federal Contract for Loan and Capital Grant dated December 2, 1966
3 (Contract No. Calif. R-59) and approved by the U.S. Department of Housing and Urban
4 Development (the "HUD Contract"); and

5 WHEREAS, Under the HUD Contract, the Former Agency was required to use the
6 federal funds to carry out redevelopment activities in accordance with the Redevelopment Plan
7 and the federal standards for such activities under Title I of the Housing Act of 1949; and

8 WHEREAS, In 1983, the Former Agency and the City and County of San Francisco
9 ("City") executed, with HUD concurrence, the Yerba Buena Center Redevelopment Project
10 Closeout Agreement ("YBC Closeout Agreement"), whereby the Former Agency agreed to
11 retain the YBG Properties for disposition, subject to applicable federal law and subject further
12 to restrictions on the use of any proceeds received from the sale or lease of the YBG
13 Properties, which proceeds would be treated as Community Development Block Grant
14 Program Income ("Program Income") (as defined by Title 24 in the Code of Federal
15 Regulations); and

16 WHEREAS, State law dissolved the Former Agency on February 1, 2012, under
17 California Health and Safety Code, Sections 34170 et seq. (the "Redevelopment Dissolution
18 Law"); and

19 WHEREAS, As a result of dissolution, the Successor Agency to the Redevelopment
20 Agency of the City and County of San Francisco (the "Successor Agency", commonly known
21 as the "Office of Community Investment and Infrastructure" or "OCII"), assumed all of the
22 remaining authority, rights, powers, duties, and obligations of the Former Agency and became
23 the owner of all of the Former Agency's real property; and

1 WHEREAS, The Redevelopment Dissolution Law requires that OCII dispose of the
2 Former Agency’s real property pursuant to a Long Range Property Management Plan
3 (“PMP”); and

4 WHEREAS, The PMP identifies, among other things, those properties that were
5 constructed and used for a governmental purpose, such as parks, that are to be transferred to
6 the City and County of San Francisco (“City”) at no cost under Cal. Health & Safety Code,
7 Section 34191.5; and

8 WHEREAS, In preparing the PMP, OCII consulted with City staff regarding the
9 appropriate disposition of Former Agency properties constructed and used for governmental
10 purposes; and

11 WHEREAS, The YBG Properties are to transfer to the City under a quitclaim deed, the
12 form of which is on file with the Clerk of the Board of Supervisors in File No. 180417, and
13 incorporated herein by this reference (the “Deed”); and

14 WHEREAS, The YBG Properties are encumbered by numerous Leases and
15 Agreements, specifically described in Exhibits A and B to the Assignment and Assumption
16 Agreement between OCII and City, a copy of which is on file with the Clerk of the Board of
17 Supervisors in File No. 180417, and incorporated herein by this reference (the “Assignment
18 and Assumption Agreement”); and

19 WHEREAS, The Former Agency and Successor Agency have managed YBG as a
20 single, unified set of properties using restricted revenue sources, considered Program
21 Income, generated from the YBG Properties and associated Leases and Agreements, that
22 contractually obligate the use of these funds to support the operation and maintenance of
23 YBG; and

24 WHEREAS, The Former Agency and OCII have deposited these revenues into a
25 restricted account (the “Separate Account”), to be used for the operation, capital

1 improvement, maintenance and programming of the YBG public uses consistent with the
2 Leases and Agreements and the YBC Closeout Agreement; and

3 WHEREAS, The Oversight Board of the City and County of San Francisco approved,
4 by Resolution No.14-2015 (November 23, 2015), the PMP that included the transfer of YBG to
5 the City for a governmental purpose as a single, unified set of properties using the revenues
6 currently generated from YBG Properties and included the assignment of the Leases and
7 Agreements to the City; and

8 WHEREAS, On December 7, 2015, the California Department of Finance approved the
9 PMP; and

10 WHEREAS, OCII is required under Redevelopment Dissolution Law and the
11 Recognized Obligation Payment Schedule to transfer the YBG Properties by the end of this
12 fiscal year; and

13 WHEREAS, In connection with the transfer of the YBG Properties, OCII intends to
14 transfer the Leases and Agreements, as well as the funds in the Separate Account, to
15 continue the operation and maintenance of YBG as a coherent whole and fulfill all contractual
16 obligations relating to YBG; and

17 WHEREAS, The transfer of the YBG Properties and assumption of the Leases and
18 Agreements at no cost to the City fulfills the requirements of the Redevelopment Dissolution
19 Law and requires Board of Supervisor approval under Chapter 23 of the San Francisco
20 Administrative Code; and

21 WHEREAS, The Planning Department, by letter dated October 31, 2017, found that the
22 City's acquisition of the YBG Properties is not considered a project under the California
23 Environmental Quality Act ("CEQA", Public Resources Code, Section 21000 et seq.) pursuant
24 to CEQA Guidelines, Section 15060 and 15378, and is consistent with the General Plan, and
25 the eight priority policies of Planning Code, Section 101.1, which letter is on file with the Clerk

1 of the Board of Supervisors in File No. 180417, and incorporated herein by this reference;
2 now, therefore, be it

3 RESOLVED, The Board of Supervisors affirms the Planning Department's determination
4 under CEQA and finds that the proposed City acquisition of the YBG Properties is consistent
5 with the General Plan, and with Planning Code, Section 101.1 for the reasons set forth in the
6 Director of Planning's letter; and, be it

7 FURTHER RESOLVED, That in accordance with the recommendations of the City's
8 Director of Property, the Board of Supervisors approves and authorizes the Director of
9 Property to (i) accept the Deed on behalf of the City; (ii) enter into the Assignment and
10 Assumption Agreement, causing the City to assume the Leases and Agreements, including all
11 rights and obligations under the Leases and Agreements; (iii) to accept all funds in the
12 Separate Account, and for the Controller to maintain a separate account for use on the YBG
13 Properties only as required by the Leases and Agreements; and (iv) to execute any such
14 other documents that are necessary or advisable to complete the transaction contemplated by
15 the Deed and the Assignment and Assumption Agreement, and to effectuate the purpose and
16 intent of this Resolution; and, be it

17 FURTHER RESOLVED, That the Director of Property shall place the YBG Properties
18 and all assets of YBG under the jurisdiction of the Real Estate Division upon acceptance; and,
19 be it

20 FURTHER RESOLVED, That the Board authorizes the Director of Property, in
21 consultation with the City Attorney, to enter into any additions, amendments or other
22 modifications to the Deed or the Assignment and Assumption Agreement that the Director of
23 Property determine are in the best interests of the City, and do not materially increase the
24 obligations or liabilities of the City beyond those contemplated in this resolution, and are in
25

1 compliance with all applicable laws, including the Redevelopment Dissolution Law and the
2 City's Charter; and, be it

3 FURTHER RESOLVED, Any such actions are solely intended to further the purposes
4 of this Resolution, and are subject in all respects to the terms of this Resolution, and such
5 official shall consult with the City Attorney before execution of documents that include
6 amendments from what was previously submitted to the Board, and thereafter provide to the
7 Clerk of the Board the final document, as signed by all parties, together with a marked copy to
8 show any changes, within 30 days of execution, for inclusion in the official file; and, be it

9 FURTHER RESOLVED, That all actions authorized and directed by this Resolution and
10 previously taken are hereby ratified and approved by the Board of Supervisors.

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Recommended:



City Administrator



Director of Property