

1 [Disposition and Development Agreement and Air Rights Lease - Successor Agency to the
2 San Francisco Redevelopment Agency Land - F4 Transbay Partners LLC and Transbay Block
3 4 Housing Partnership, L.P. - Transbay Block 4 - \$6,000,000]

4 **Resolution approving the disposition of land, and entrance into a ground lease of**
5 **certain air space rights, by the Successor Agency to the Redevelopment Agency of the**
6 **City and County of San Francisco to F4 Transbay Partners LLC, a Delaware limited**
7 **liability company, and Transbay Block 4 Housing Partnership, L.P., a California limited**
8 **partnership, for a purchase price of \$6,000,000 for the property generally located at 200**
9 **Main Street, bounded by Howard, Main and Beale Streets and extending approximately**
10 **205 feet southeast from Howard Street (Assessor's Parcel Block No. 3739, Lot Nos. 010**
11 **and 011), commonly known as Transbay Block 4; making findings under the Transbay**
12 **Redevelopment Plan (incorporating California Health and Safety Code, Section 33433);**
13 **making findings under the California Environmental Quality Act; and making findings**
14 **of consistency with the General Plan, and the eight priority policies of Planning Code,**
15 **Section 101.1.**

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17 WHEREAS, The Board of Supervisors of the City and County of San Francisco
18 established the Transbay Redevelopment Project Area ("Project Area") and approved a
19 Redevelopment Plan for the Project Area in 2005 by Ordinance No. 124-05 and by Ordinance
20 No. 99-06, as amended by Ordinance No. 84-15 and Ordinance No. 62-16 ("Redevelopment
21 Plan") to undertake a variety of projects and activities to alleviate blighting conditions; and

22 WHEREAS, In 2003, the State adopted California Public Resources Code Section
23 5027.1, which requires that any redevelopment plan adopted to finance, in whole or in part,
24 the demolition of the former transbay terminal building and the construction of a new terminal,
25 including its associated vehicle ramps ("Transbay Transit Center" or "TTC"), shall ensure that

1 at least 25% of all dwelling units developed within the Project Area shall be available at
2 affordable housing cost to, and occupied by, persons and families whose incomes do not
3 exceed 60% of the area median income, and that at least an additional 10% of all dwelling
4 units developed within the Project Area shall be available at affordable housing cost to, and
5 occupied by, persons and families whose incomes do not exceed 120% of the area median
6 income, for a total 35% affordable housing obligation (“Transbay Affordable Housing
7 Obligation”); and

8 WHEREAS, Also in 2003, the State of California, acting through its Department of
9 Transportation entered into an agreement with the Transbay Joint Powers Authority (“TJPA”
10 and the City (“Cooperative Agreement”) whereby the State agreed to transfer approximately
11 10 acres of State-owned property (“State-Owned Parcels”) in and around the former transbay
12 terminal to the City and the TJPA, which would then sell the State-Owned Parcels and use the
13 revenues from the sales to finance the TTC; and

14 WHEREAS, In 2006, the TJPA and the former San Francisco Redevelopment Agency
15 (“Former Agency”) executed an agreement (“Implementation Agreement”), which required the
16 Former Agency to take the lead role in facilitating the development of the State-Owned
17 Parcels; and

18 WHEREAS, The Implementation Agreement required the Former Agency to: (1)
19 prepare and sell the State-Owned Parcels to third parties; (2) deposit the sale proceeds into a
20 trust account to help the TJPA pay the cost of constructing the TTC; (3) implement the
21 Redevelopment Plan to enhance the financial feasibility of the TTC; and (4) fund the state-
22 mandated Transbay Affordable Housing Obligation; and

23 WHEREAS, In 2008, the City, the Former Agency, and the TJPA granted the Former
24 Agency an option to acquire the State-Owned Parcels, arrange for development of the
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1 parcels, and distribute the net tax increment to the TJPA to use for the TTC (“2008 Option
2 Agreement”); and

3 WHEREAS, On February 1, 2012, under California Health & Safety Code Sections
4 34170 et seq. (“Redevelopment Dissolution Law”), the State of California dissolved all
5 redevelopment agencies, including the Former Agency, and required the transfer of certain of
6 the Former Agency’s assets and obligations to the Successor Agency to the Redevelopment
7 Agency of the City and County of San Francisco (“Successor Agency,” commonly known as
8 the Office of Community Investment and Infrastructure or OCII); and

9 WHEREAS, On June 27, 2012, under Health and Safety Code, Section 34173(g), the
10 Redevelopment Dissolution Law was amended to clarify that successor agencies are
11 separate public entities from the city or county that had originally established a redevelopment
12 agency and that they succeed to the organizational status of the former redevelopment
13 agency to complete any work related to an approved enforceable obligation; and

14 WHEREAS, The Board of Supervisors, acting as the legislative body of the Successor
15 Agency, adopted Ordinance No. 215-12, which, among other matters: (a) acknowledged and
16 confirmed that the Successor Agency is a separate legal entity from the City; and (b)
17 established the Successor Agency Commission (“OCII Commission”) and delegated to it the
18 authority to (i) implement, modify, enforce and complete the Former Agency’s enforceable
19 obligations, (ii) approve all contracts and actions related to the assets transferred to or
20 retained by the Successor Agency, including, without limitation, the authority to exercise land
21 use, development, and design approval, consistent with the applicable enforceable
22 obligations, and (iii) take any action that the Redevelopment Dissolution Law requires or
23 authorizes on behalf of the Successor Agency and any other action that the Commission
24 deems appropriate, consistent with the Redevelopment Dissolution Law, to comply with such
25 obligations; and

1 WHEREAS, Pursuant to the Redevelopment Dissolution Law, all of the Former
2 Agency’s assets (other than certain housing assets) and obligations were transferred to the
3 Successor Agency; and

4 WHEREAS, Under Redevelopment Dissolution Law, the Successor Agency’s role is to
5 complete those enforceable obligations of the Former Agency that the California Department
6 of Finance has finally and conclusively approved under Redevelopment Dissolution Law; and

7 WHEREAS, On April 15, 2013, the Department of Finance determined “finally and
8 conclusively,” under Health & Safety Code Section 34177.5(i), that the Implementation
9 Agreement, Transbay Affordable Housing Obligation, and the Transbay Redevelopment
10 Project Tax Increment Allocation and Sales Proceeds Pledge Agreement (“Pledge
11 Agreement”) are enforceable obligations; and

12 WHEREAS, Transbay Redevelopment Plan Block 4 and the adjacent future Tehama
13 Street right-of-way, Assessor’s Parcel Block No. 3739, Lot Nos. 010 and 011 respectively, are
14 former State-Owned Parcels subject to the 2008 Option Agreement, constituting
15 approximately 56,375 square feet and located within the Project Area at 200 Main Street,
16 bounded by Howard, Main, and Beale Streets and extending approximately 205 feet
17 southeast from Howard Street (the “Site”); and

18 WHEREAS, In April 2016, the OCII Commission approved an Agreement for Option to
19 Purchase the Site with F4 Transbay Partners LLC, a Delaware limited liability company
20 (“Developer”) (as amended by the First, Second, Third, and Fourth Amendments thereto, the
21 “Block 4 Option Agreement”), and at the time, the Developer sought to acquire Transbay
22 Parcel F in the Project Area from the TJPA and required as a condition of that purchase that
23 the Successor Agency enter into the Block 4 Option Agreement so that the Developer could
24 fulfill the affordable housing obligations of Parcel F through the development of the Site; and

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1 WHEREAS, Under the Redevelopment Plan and Planning Code, as applicable, all
2 residential projects in the Project Area must provide on-site inclusionary units, and the
3 Developer sought relief from this obligation for its development of Parcel F, and instead
4 proposed to fulfill the Parcel F affordable housing obligation by constructing additional
5 affordable units as part of its development of the Site; and

6 WHEREAS, Subsequently, as part of a development agreement for Parcel F approved
7 by the Board of Supervisors in Ordinance No. 42-21, Developer and City negotiated an
8 alternative to this obligation, permitting Developer to pay an approximately \$46.7 million fee to
9 the Successor Agency to fund affordable housing in-lieu of constructing the required Parcel F
10 affordable housing at the Site (“Parcel F Affordable Housing Fee”); and

11 WHEREAS, By Resolution No. 02-2021, the OCII Commission exercised its authority
12 under the Redevelopment Plan to conditionally allow the Developer to pay a fee instead of
13 developing the required Parcel F affordable units on-site; and

14 WHEREAS, On January 7, 2021, the Successor Agency exercised its rights to acquire
15 the Site from the TJPA; and

16 WHEREAS, As required under the Block 4 Option Agreement, Successor Agency staff
17 negotiated the terms of a disposition and development agreement (“DDA”) with the Developer
18 and Transbay Block 4 Housing Partnership, L.P., a California limited partnership (“Affordable
19 Developer”), and on June 21, 2022, by Resolution No. 22-2022 the Commission approved the
20 DDA, which is on file with the Clerk of the Board of Supervisors in File No. 220858; and

21 WHEREAS, The DDA authorizes the disposition of the Site to the Developer and
22 Affordable Developer for the purposes of developing a mixed-use residential development
23 project (“Project”) generally consisting of: (a) a 513 foot tall residential tower (not included
24 screening elements), including an townhouse adjunct of up to 71 feet in height, collectively
25 containing 155 for-sale residential condominium units, 219 market-rate rental residential units

1 and no fewer than 105 rental units affordable to households earning from 100 to 120 percent
2 of area median income, neighborhood retail uses, amenities spaces, private open spaces and
3 related supporting spaces; (b) creation of an air space parcel to be conveyed to the
4 Successor Agency and leased to the Affordable Developer according to an air rights ground
5 lease (substantially in the form included in the DDA, the “Air Rights Lease”) for development
6 of an affordable residential building 163 feet in height (not including screening elements),
7 containing 201 rental units affordable to households earning from 40 to 100 percent of area
8 median income (and one managers unit), with supporting facilities, amenities, private open
9 spaces and neighborhood retail; (c) an approximately 66,496 square-foot underground shared
10 parking garage with 224 vehicle spaces able to accommodate up to 275 private vehicles
11 (including two car share vehicles) with valet parking and/or parked via stackers, and a
12 minimum of 556 Class 1 bicycle spaces; and (d) approximately 5,850 square feet of public
13 open space and streetscape improvements within and surrounding the Site and including the
14 extension of Tehama Street to be dedicated to the City as a public right of way; and

15 WHEREAS, Under the Redevelopment Plan, the Board of Supervisors is required to
16 approve the sale or lease of certain parcels by the Successor Agency under Health and
17 Safety Code Section 33433 (“Section 33433”); and

18 WHEREAS, The Successor Agency prepared and submitted to the Board of
19 Supervisors a report consistent with the requirements of Section 33433, including a copy of
20 the proposed DDA, and a summary of the transaction, including its cost to the Successor
21 Agency, the estimated value of the property interests to be conveyed, the purchase price and
22 other information, which was made available for public inspection, and which is on file with the
23 Clerk of the Board of Supervisors in File No. 220858; and

24 WHEREAS, Notice of the Board of Supervisors public hearing on this matter was
25 published consistent with the requirements of Section 33433; and

1 WHEREAS, On April 22, 2004, after a duly noticed joint public hearing with the
2 Peninsula Corridor Joint Powers Board (the “JPB”), in Motion No. 16773, the Planning
3 Commission certified as adequate and complete the final Environmental Impact
4 Statement/Environmental Impact Report (“Final EIS/EIR”) for the Transbay Terminal/Caltrain
5 Downtown Extension/Redevelopment Project (Planning Department Case No. 2000.048E) in
6 accordance with CEQA, the CEQA Guidelines (Cal. Code of Regulations Title 14, sections
7 15000 et seq.), and Chapter 31 of the San Francisco Administrative Code, and said Motion is
8 on file with the Clerk of the Board of Supervisors in File No. 041079 and is incorporated herein
9 by reference; and

10 WHEREAS, On April 20, 2004, in Resolution No. 45-2004, the Former Agency, at a
11 duly noticed public hearing, also certified the Final EIR and made findings similar to those of
12 the Commission and JPB in regard to CEQA and the CEQA Guidelines; and

13 WHEREAS, In Resolution No. 612-04, effective October 7, 2004, the Board of
14 Supervisors adopted findings that various actions related to the Transbay Terminal/Caltrain
15 Downtown Extension/Redevelopment Project complied with CEQA, and said Resolution and
16 the CEQA Findings are on file with the Clerk of the Board of Supervisors in File No. 041079
17 and are incorporated herein by reference; subsequent to the adoption of the Final EIS/EIR,
18 the Former Agency, the Successor Agency, or other responsible agencies under CEQA/NEPA
19 have approved and incorporated eight addenda into the analysis of the Final EIS/EIR and
20 made requisite findings under CEQA, which documents are on file with the Clerk of the Board
21 of Supervisors in File No. 220858 and are incorporated herein by reference; and

22 WHEREAS, The Successor Agency, as lead agency under CEQA and in consultation
23 with the Planning Department, prepared Addendum No. 9 to the EIS/EIR, dated June 13,
24 2022 (“Addendum”), which evaluates the environmental effects of the Project; and

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1 WHEREAS, On June 21, 2022, after a duly noticed public hearing, the OCII
2 Commission, by Resolution No. 18-2022, determined that: the Project would not cause new
3 significant impacts that were not identified in the EIS/EIR; the Project would not cause
4 significant impacts that were previously identified in the EIS/EIR to become substantially more
5 severe; no new mitigation measures would be necessary to reduce significant impacts; no
6 changes have occurred with respect to circumstances surrounding the Project that would
7 cause significant environmental impacts to which the Project would contribute considerably;
8 and no new information has become available that shows that the Project would cause
9 significant environmental impacts, and no supplemental environmental review is required; and
10 this determination is on file with the Clerk of the Board of Supervisors in File No. 220858 and
11 is incorporated herein by reference; and

12 WHEREAS, The Board of Supervisors, acting in its capacity as a responsible agency
13 under CEQA, has reviewed and considered the EIS/EIR and the Addendum, and hereby
14 adopts the CEQA findings set forth in Successor Agency Commission Resolution Nos. 18-
15 2022, 19-2022, and 20-2022 and Planning Commission Motion No. 21154 and hereby
16 incorporates such findings by reference as though fully set forth in this ordinance; and

17 WHEREAS, On July 28, 2022, the Planning Commission, in Resolution No. 21152,
18 adopted findings that the actions contemplated in this ordinance are consistent, on balance,
19 with the General Plan, and eight priority policies of Planning Code, Section 101.1, which the
20 Board adopts as its own, and a copy of said Resolution is on file with the Clerk of the Board of
21 Supervisors in File No. 220858, and is incorporated herein by reference;

22 WHEREAS, On July 28, 2022, the Planning Commission, in Resolution No. 21152,
23 adopted findings that the actions contemplated in this ordinance will serve the public
24 necessity, convenience, and welfare, and a copy of said resolution is on file with the Clerk of
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1 the Board of Supervisors in File No. 220858, and is incorporated herein by reference; and the
2 Board adopts these findings as its own; now, therefore, be it

3 RESOLVED, Based on the materials submitted and contained in File No. 220858, the
4 Board of Supervisors hereby finds and determines that the sale of the Site from the Successor
5 Agency to the Developer and ground lease of the future air-rights parcel by the Successor
6 Agency to the Affordable Developer: (a) includes consideration to be received by the
7 Successor Agency that is not less than the fair market value at the highest and best use in
8 accordance with the Redevelopment Plan; (b) includes a purchase price of \$6,000,000, which
9 reflects the fair reuse value based on the development permitted on the Site under the DDA
10 and the affordable housing requirements of the Redevelopment Plan and the Transbay
11 Affordable Housing Obligation, and which will be deposited, at the transfer of title, into the
12 trust account established by the TJPA to help pay the TTC construction costs; (c) will provide
13 no less than 306 units of affordable housing for households earning incomes from 40 percent
14 to 120 percent of area median income; and (d) will assist in the elimination of blight by
15 converting underutilized lots into a high-density, mixed-use, mixed-income residential
16 development and new public right of way.

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