

1 [Consent to Successor Agency Actions Facilitating Interim Financing - Transbay Transit  
2 Center- Transbay Redevelopment Project Area - Amendment to Option Agreement Affecting  
3 Affordable Housing Requirement]

4 **Resolution of the Board of Supervisors, acting in its capacity as the legislative body to**  
5 **the Successor Agency to the former Redevelopment Agency of the City and County of**  
6 **San Francisco, approving actions by the Commission on Community Investment and**  
7 **Infrastructure to subordinate property interest in a site designated for affordable**  
8 **housing in the Transbay Redevelopment Project Area; and to facilitate interim**  
9 **financing by the Transbay Joint Powers Authority for the construction of Transbay**  
10 **Transit Center.**

11  
12 WHEREAS, State law dissolved redevelopment agencies and designated successor  
13 agencies, as separate entities from cities or counties, to assume the remaining obligations of  
14 the former redevelopment agencies, California Health and Safety Code, Sections 34170 et  
15 seq. (the "Redevelopment Dissolution Law"); and

16 WHEREAS, To implement the Redevelopment Dissolution Law, the Board of  
17 Supervisors initially adopted Resolution No. 11-12 (Jan. 26, 2012) and subsequently adopted  
18 Ordinance No. 215-12 (Oct. 4, 2012), which established a Successor Agency Commission  
19 and delegated to the Successor Agency to the Redevelopment Agency of the City and County  
20 of San Francisco (commonly known as the Office of Community Investment and  
21 Infrastructure) (the "Successor Agency" or "OCII") the authority, among others, to implement,  
22 modify, enforce and complete the surviving redevelopment projects, including certain Major  
23 Approved Development Projects, Retained Housing Obligations, and all other enforceable  
24 obligations except for actions decreasing property tax revenue for affordable housing and  
25

1 material changes to affordable housing obligations, which must be approved by the Board of  
2 Supervisors; and

3 WHEREAS, California Public Resources Code, Section 5027.1 requires that 25 percent  
4 of the residential units developed in the Transbay Redevelopment Project Area (“Project  
5 Area”) shall be available to low income households and that an additional 10 percent shall be  
6 available to moderate income households (the “Transbay Affordable Housing Obligation”),  
7 which obligation has been incorporated into the Redevelopment Plan for the Transbay  
8 Redevelopment Project, approved by Ordinance No. 124-05 (June 21, 2005) and by  
9 Ordinance No. 99-06 (May 9, 2006) (the “Redevelopment Plan”), and in the Implementation  
10 Agreement, dated as of January 20, 2005, between the former Redevelopment Agency of the  
11 City and County of San Francisco (the “Former Agency”) and the Transbay Joint Powers  
12 Authority and has been finally and conclusively determined by the California Department of  
13 Finance to be an enforceable obligation under Redevelopment Dissolution Law; and

14 WHEREAS, Approximately ten (10) acres of land in the Project Area were State-owned  
15 land, including the former Transbay Terminal building and its bus access ramps (the “State-  
16 Owned Parcels”) and, under a 2003 Cooperative Agreement among Caltrans, the Transbay  
17 Joint Powers Authority (“TJPA”), and the City and County of San Francisco (“City”), the State-  
18 Owned Parcels have been, or will be, transferred to the TJPA or the City, which in turn  
19 transfers some of the land to the Successor Agency for disposition and development, and

20 WHEREAS, The Cooperative Agreement requires that the disposition and development  
21 of State-owned parcels result in the payment of fair market value and the generation of  
22 property tax revenue (other than tax increment for affordable housing) that is pledged to the  
23 TJPA for funding of the Transbay Transit Center (“TTC”) and reserves to the State a Power of  
24 Termination over the transfer of title of the State-owned parcels that it will relinquish upon  
25

1 satisfaction of certain conditions, including the deposit of the Gross Sales proceeds into a  
2 trust account for the benefit of the TTC; and

3 WHEREAS, The City, TJPA, and the Former Agency entered into the Option  
4 Agreement for the Purchase and Sale of Real Property (the "Option Agreement") dated as of  
5 January 31, 2008, which granted the Former Agency the exclusive and irrevocable option to  
6 take title to certain State-Owned Parcels, including Parcel F (Block No. 3721, Lot No. 015A),  
7 and Parcel O (portion of Block No. 3739, Lot No. 008), Parcel O' (portion of Block No. 3739,  
8 Lot No. 008), and Parcel O" (portion of Block No. 3739, Lot No. 008) (together the northern  
9 portion of Parcels O, O' and O" and generally depicted on Exhibit 4 to the Redevelopment  
10 Plan are referred to as "Redevelopment Block 4") and the Successor Agency has assumed  
11 the rights and obligations of the Former Agency under the Option Agreement; and

12 WHEREAS, The development of Parcel F and Block 4 will not occur until TJPA is  
13 finished using the parcels for the Temporary Terminal (Block 4) in late 2017 and for  
14 construction of the Bus Ramp (Parcel F) in late 2016; and

15 WHEREAS, The planned use for Parcel F is primarily office use and the planned use  
16 for Block 4 is residential and the current projections for Project Area housing development  
17 indicate that Block 4 may have to provide up to 45 percent of its projected capacity of 550  
18 units as affordable units (or 248 units) to ensure compliance with the Transbay Affordable  
19 Housing Obligation; and

20 WHEREAS, The Option Agreement provides, among other things, that the Successor  
21 Agency will determine the value of State-owned parcels based on an appraisal that includes  
22 consideration of the Redevelopment Plan restrictions, environmental contamination, if any,  
23 legally required affordable housing and other conditions which reasonably affect the fair  
24 market value and that this valuation serves as the basis for satisfying the Cooperative  
25 Agreement's requirement of Gross Sales Proceeds; and

1           WHEREAS, The TJPA needs interim financing to meet its contract certification and  
2 cash flow requirements for the current construction schedule for Phase 1 of the TTC and has  
3 negotiated, with Goldman Sachs Bank USA, a Credit Agreement having a four year term for a  
4 \$171,000,000 loan (the "TJPA Bridge Financing") that TJPA intends to repay with the  
5 proceeds from a federal Transportation Infrastructure Finance and Innovation Act loan (the  
6 "TIFIA Loan"), when certain conditions precedent to draw are anticipated to be met in Fiscal  
7 Year 2016; and

8           WHEREAS, The terms of the TJPA Bridge Financing require, among other things, that  
9 the property tax revenues (exclusive of affordable housing increment) and the sales proceeds  
10 for Parcel F and Block 4 provide security for the loan and require OCII to amend the Option  
11 Agreement, enter into Subordination Agreements, and take related actions (the "OCII  
12 Actions") for the purpose of subordinating OCII's existing option on Parcel F and Block 4 while  
13 the TJPA Bridge Financing is outstanding, establishing a Lien Release Price that OCII must  
14 receive for Parcel F and Block 4, and requiring deposit of the proceeds from the sale of Parcel  
15 F and Block 4 into a "lockbox" until the TJPA Bridge Financing is repaid in full; and

16           WHEREAS, TJPA and OCII have determined that the Lien Release Price is reasonably  
17 achievable, after taking into consideration the Redevelopment Plan development restrictions,  
18 environmental contamination, legally required affordable housing, and other conditions which  
19 reasonably affect the fair market value; and

20           WHEREAS, The Amendment to the Option Agreement, the Subordination Agreements,  
21 the Credit Agreement and other related documents provide that nothing in those documents  
22 shall be construed as preventing OCII from fulfilling the Transbay Affordable Housing  
23 Obligations; and

24           WHEREAS, On November 4, 2014, after holding a duly notice public hearing and  
25 consistent with its authority under Redevelopment Dissolution Law and Ordinance 215-12, the

1 Successor Agency Commission conditionally approved, by Resolution No. 91-2014, the OCII  
2 Actions, subject to approval by the Board of Supervisors in its capacity as legislative body for  
3 the Successor Agency (the "Variation Approval"); OCII Resolution No. 91-2014 is on file with  
4 the Clerk of the Board of Supervisors in File No. 141154, and incorporated in this Resolution  
5 by reference; and

6 WHEREAS, The Board of Supervisors, in its capacity as the legislative body for the  
7 City and a party to the Option Agreement, will consider approving the First Amendment to the  
8 Option Agreement; and

9 WHEREAS, The OCII Actions in facilitating the TJPA Bridge Financing will not  
10 adversely affect OCII's fulfillment of the Transbay Affordable Housing Obligations; and

11 WHEREAS, Consenting to the OCII Actions is an administrative activity, will not result  
12 in direct or indirect physical changes in the environment and thus is not a project as defined  
13 by the California Environmental Quality Act ("CEQA"), CEQA Guidelines, Section 15378  
14 (b)(4); now, therefore, be it

15 RESOLVED, By this Board of Supervisors of the City and County of San Francisco,  
16 acting in its capacity as the legislative body of the Successor Agency, that the OCII Actions  
17 are hereby approved.

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**City and County of San Francisco**  
**Tails**  
**Resolution**

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 141154

**Date Passed:** December 09, 2014

Resolution of the Board of Supervisors, acting in its capacity as the legislative body to the Successor Agency to the former Redevelopment Agency of the City and County of San Francisco, approving actions by the Commission on Community Investment and Infrastructure to subordinate property interest in a site designated for affordable housing in the Transbay Redevelopment Project Area; and to facilitate interim financing by the Transbay Joint Powers Authority for the construction of Transbay Transit Center.

December 09, 2014 Board of Supervisors - ADOPTED

Ayes: 9 - Avalos, Breed, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

Absent: 1 - Campos

File No. 141154

I hereby certify that the foregoing Resolution was ADOPTED on 12/9/2014 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo  
Clerk of the Board

  
\_\_\_\_\_  
Mayor

12/11/2014  
\_\_\_\_\_  
Date Approved