

1 [Disposition and Development Agreement - Successor Agency to the San Francisco
2 Redevelopment Agency Land - Transbay 8 Urban Housing, LLC - Transbay Block 8 -
3 \$71,000,000]

4 **Resolution approving the disposition of land by the Office of Community Investment**
5 **and Infrastructure as Successor Agency to the San Francisco Redevelopment Agency**
6 **to Transbay 8 Urban Housing, LLC, a Delaware limited liability company, and**
7 **Tenderloin Neighborhood Development Corporation, a California non-profit public**
8 **benefit corporation, for a purchase price of \$71,000,000; and making findings under**
9 **Health and Safety Code, Section 33433, as required under the Transbay Redevelopment**
10 **Plan for the parcel located on Folsom Street between First and Fremont Streets,**
11 **Assessor’s Parcel Block No. 3737, Portions of Lot Nos. 005, 012, and 027, commonly**
12 **known as Transbay Block 8.**

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

22 WHEREAS, The Board of Supervisors adopted the Transbay Redevelopment Project
23 Area (the “Project Area”) in order to undertake a variety of projects and activities to alleviate
24 blighting conditions; and

1 WHEREAS, The California Legislature in 2003 enacted Assembly Bill 812 (“AB 812”)
2 authorizing the demolition of the historic Transbay Terminal building and the construction of
3 the new Transbay Transit Center (“TTC”) (Stat. 2003, Chapter 99, codified at Section 5027.1
4 of the Cal. Public Resources Code); and

5 WHEREAS, AB 812 also mandated that 25% of the residential units developed in the
6 area around the TTC “shall be available to” low income households, and an additional 10%
7 “shall be available to” moderate income households if the City and County of San Francisco
8 (“City”) adopted a redevelopment plan providing for the financing of the Center; and

9 WHEREAS, In 2003, in an agreement with the Transbay Joint Powers Authority
10 (“TJPA”) and the City, the State agreed to transfer approximately 10 acres of State-owned
11 property (“State-owned parcels”) in and around the then-existing Transbay Terminal to the
12 City and the TJPA, which would then sell the State-owned parcels and use the revenues from
13 the sales to finance the TTC (“Cooperative Agreement”); and

14 WHEREAS, The City agreed, among other things, to commit the property tax revenue
15 from the State-owned parcels through its Redevelopment Agency (the “Former Agency”) to
16 the TTC; and

17 WHEREAS, Under the Cooperative Agreement, the State relied on tax increment
18 financing under a redevelopment plan to improve and sell the parcels; and

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

22 WHEREAS, In 2006, the TJPA and the Former Agency executed an agreement
23 (“Implementation Agreement”), which required the Former Agency to take the lead role in
24 facilitating the development of the State-owned parcels; and

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1 WHEREAS, Specifically, the Implementation Agreement required the Former Agency
2 to: (1) prepare and sell the State-owned parcels to third parties, (2) deposit the sale proceeds
3 into a trust account to help the TJPA pay the cost of constructing the TTC, (3) implement the
4 Redevelopment Plan to enhance the financial feasibility of the TTC, and (4) fund the state-
5 mandated affordable housing program; and

6 WHEREAS, In 2008, the City, the Former Agency and the TJPA entered into an
7 agreement that granted options to the Former Agency to acquire the State-owned parcels,
8 arrange for development of the parcels, and distribute the net tax increment to the TJPA to
9 use for the TTC (“Option Agreement”); and

10 WHEREAS, The Option Agreement provided the means by which the Former Agency
11 could fulfill its obligations under the Implementation Agreement to prepare and sell the State-
12 owned parcels, including Blocks 2-12 and Parcel F (Section 2.1 of the Option Agreement at p.
13 4); and

14 WHEREAS, On February 1, 2012, the Former Agency was dissolved pursuant to the
15 provisions of California State Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First
16 Extraordinary Session) (“AB 26”), codified in relevant part in California’s Health and Safety
17 Code, Sections 34161 – 34168 and upheld by the California Supreme Court in California
18 Redevelopment Assoc. v. Matosantos, No. S194861 (Dec. 29, 2011); and

19 WHEREAS, On June 27, 2012, AB 26 was subsequently amended in part by California
20 State Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) (“AB 1484”); and

21 WHEREAS, Together, AB 26 and AB 1484, as amended from time to time, are referred
22 to as the “Redevelopment Dissolution Law;” and

23 WHEREAS, Pursuant to the Redevelopment Dissolution Law, all of the Former
24 Agency’s assets (other than certain housing assets) and obligations were transferred to OCII;
25 and

1 WHEREAS, Block 8, also identified as Portions of Lot Nos. 005, 012, and 027,
2 Assessor’s Block No. 3737, is an approximately 49,673-square-foot parcel on Folsom Street
3 between First and Fremont Streets, two blocks south of the future TTC (the “Site” or the
4 “Property”); and

5 WHEREAS, On November 20, 2013, the Successor Agency, pursuant to the
6 Implementation Agreement, issued a Request for Proposals (the “RFP”) from development
7 teams to design and develop a high-density, mixed-income residential project on Block 8 in
8 the Project Area; and

9 WHEREAS, Three proposals were received and deemed to meet the minimum
10 threshold requirements defined in the RFP; and

11 WHEREAS, Based on evaluation of the written proposals, as well as interviews with
12 each team, the proposal from Related California Urban Housing, LLC (“Related”) and
13 Tenderloin Neighborhood Development Corporation (“TNDC”), along with Office of
14 Metropolitan Architecture and Fougerson Architecture, was scored the highest by a selection
15 panel comprised of Successor Agency staff, City staff, and a representative from the
16 Transbay Citizens Advisory Committee; and

17 WHEREAS, On June 17, 2014, the Commission on Community Investment and
18 Infrastructure (CCII), authorized staff to enter into exclusive negotiations for the development
19 of Block 8 with the development team lead by Related and TNDC; and

20 WHEREAS, On April 15, 2013, the California Department of Finance (“DOF”)
21 determined “finally and conclusively,” under Cal. Health & Safety Code, Section 34177.5 (i),
22 that the Implementation Agreement, AB 812, and the Transbay Redevelopment Project Tax
23 Increment Allocation and Sales Proceeds Pledge Agreement (“Pledge Agreement”) are
24 enforceable obligations; and

25 WHEREAS, The Implementation Agreement and several other Transbay obligations

1 require OCII to take the actions proposed by this Resolution; and

2 WHEREAS, On April 21, 2015, the CCII approved the exercise of OCII’s option to
3 acquire Block 8 from the TJPA pursuant to the Option Agreement and approved the
4 Disposition and Development Agreement (“DDA”) with Transbay 8 Urban Housing LLC, a
5 Delaware limited liability company, of which Related California Urban Housing, LLC is
6 currently the sole member, and TNDC; and

7 WHEREAS, Transbay 8 Urban Housing LLC and TNDC anticipate that the
8 development program for Block 8 will consist of : (a) a market-rate for-sale residential
9 component consisting of approximately 124 residential units on floors thirty-two to fifty-five of
10 an up to 550-foot residential tower (the “**Market-Rate Condo Project**”); (b) an “80/20” mixed-
11 income component consisting of approximately 280 market-rate rental units on floors eight to
12 thirty-one and approximately 70 affordable rental units on floors one to seven in the residential
13 tower (“**80/20 Project**”); (c) an affordable project with approximately 80 rental residential units
14 (“**Affordable Project**”) in a podium building and townhouses along Clementina Street;
15 (d) streetscape improvements including the extension of Clementina Street on the northern
16 edge of the site and a 25-foot wide Folsom Street sidewalk; (e) ground-floor retail space along
17 Folsom Street of approximately 8,345 square feet and a possible grocery store on the
18 basement level; (f) a shared approximately 6,500-square-foot mid-block open space and
19 paseo; and (g) shared underground parking with approximately 204 stalls; and

20 WHEREAS, The 70 affordable rental units in the 80/20 Project will be affordable to
21 households earning up to 40% and 50% of Area Median Income (“AMI”), and the 80 rental
22 units in the in the Affordable Project will be affordable to households earning up to 50% of
23 AMI; and

24 WHEREAS, The Affordable Project will be subsidized by OCII funding; and
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1 WHEREAS, The Site is an underutilized lot that has most recently been used for
2 construction staging; and

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

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

10 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
11 does hereby find and determine that the sale of the Property from OCII to Transbay 8 Urban
12 Housing LLC, a Delaware limited liability company and Tenderloin Neighborhood
13 Development Corporation, a California non-profit public benefit corporation: 1) includes
14 consideration to be received by OCII that is not less than the fair market value at the highest
15 and best use in accordance with the Redevelopment Plan: 2) includes a purchase price of
16 \$71,000,000, which was a competitive price achieved through a competitive request for
17 proposals process based on the development permitted on the Site and the affordable
18 housing requirements of the Redevelopment Plan, and which will be deposited, at the transfer
19 of title, into the trust account established by the TJPA to help pay the cost of constructing the
20 new TTC; 3) will provide no less than 150 units of affordable family housing for households
21 with incomes up to 40% and 50% of area median income; and, 4) will assist in the elimination
22 of blight by converting a underutilized lot into a high-density, mixed-use, mixed-income
23 residential development; and, be it

24 FURTHER RESOLVED, That the Board of Supervisors hereby approves and
25 authorizes OCII to execute the DDA for the sale of the Property from the Office of Community

1 Investment and Infrastructure to Transbay 8 Urban Housing LLC, a Delaware limited liability
2 company and Tenderloin Neighborhood Development Corporation, a California non-profit
3 public benefit corporation, substantially in the form of the DDA lodged with the City Attorney,
4 and to take such further actions and execute such documents as are necessary to carry out
5 the DDA on behalf of OCII.

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