[Mixed-use development of affordable housing and a City office building at 10th and Market Streets]

Resolution endorsing a term sheet describing the key terms and conditions of a mixed-use development project at 10th and Market Streets including affordable and market rate housing and a new City office building, and urging City staff to proceed with the preparation of agreements effectuating such a project.

WHEREAS, Citizens Housing Corporation ("CHC") and the Tenderloin Neighborhood Development Corporation ("TNDC"), two non-profit public benefit corporations that provide and preserve quality affordable housing for low-income Californians (together, the "Owners"), own a 2.18 acre parcel of land located on the eastern half of the block bounded by Market, Tenth, Mission and Eleventh Streets in the Civic Center area of San Francisco (the "Property"); and,

WHEREAS, With the City's assistance, the Owners acquired fee title to ownership of the Property in 2000 from Bank of America at less than fair-market value to further the development of affordable housing on the Property; and,

WHEREAS, The Property is zoned C-3-G Downtown and can accommodate a wide range of uses, including high-density residential, office and retail uses, with height limits of 320 feet on the Market Street side of the Property; and,

WHEREAS, The Owners are seeking to develop over 400 units of affordable and market-rate housing on a portion of the Property, which may include small units for seniors, small households, and larger family-sized apartments (together, the "Housing"); and,

WHEREAS, In order to (i) help finance a portion of the costs of the Housing, (ii) take advantage of efficiencies in the planning and entitlement process, and (iii) better serve the City's long-term use and programmatic goals for the area around 10th and Market Streets, the
Owners plan to master develop the entire site as a mix of residential, public, commercial and neighborhood-serving retail uses in a transit based environment; and,

WHEREAS, The Owners plan to use a portion of the Property to build the Housing, and to use proceeds from developing the remainder of the Property to help support the financial feasibility of the affordable components of the Housing; and,

WHEREAS, The Owners conducted a competitive solicitation process seeking a qualified development company to enter into a joint venture to develop the Property and through that process selected Myers to master develop the Property in partnership with the Owners; and,

WHEREAS, The City has been trying to acquire fee ownership of 1,000,000 square feet of office space in the Civic Center area to protect the City’s General Fund from uncertainties and fluctuations in the rental market for office space and to minimize the costs, inefficiencies and disruptions in service caused by the relocation of City personnel to and from rented space; and,

WHEREAS, The Property has certain specific characteristics, including its proximity to the Civic Center and other City office buildings such as City Hall, its proximity to major transit corridors along Market Street and Van Ness Avenue, its location within the Mid-Market Redevelopment Survey Area, its size, its configuration and other physical characteristics, that make it uniquely well situated for the development of an office building for City personnel containing over 440,000 useable square feet (the "City Office Building"); and,

WHEREAS, By developing the City Office Building on the Property in conjunction with the Housing as a larger mixed-use development of the site, the City would further multiple public purposes, including: (i) achieving a significant portion of the City’s efficiency and programmatic goals related to owning space instead of renting it, as described above, (ii) contributing to the development of a significant number of new affordable and market-rate

Supervisor Daly
BOARD OF SUPERVISORS
housing units in a transit based environment, (iii) enlivening and revitalizing a portion of the Mid-Market Redevelopment Survey Area of San Francisco, and (iv) creating an energy efficient, environmentally sensitive, sustainable project; and,

WHEREAS, Pursuant to Resolution No. 128-03, the Board of Supervisors endorsed the Owner's concept of developing a mixed-use project at the Property including affordable and market-rate transit based housing, a City Office Building, and other public, commercial and neighborhood-serving retail uses (the "Project") and urged City staff to develop a financing plan to pay for construction of the City Office Building and to identify the key terms and conditions of any required agreements with the Owners and Myers necessary to effectuate the Project, and to provide a written report to the Board of Supervisors summarizing key terms and conditions ("Term Sheet"); and,

WHEREAS, City staff has negotiated such a Term Sheet with Myers and the Owners, a copy of which Term Sheet is on file with the Clerk of the Board in File No. 031549; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby endorses the Term Sheet and urges City staff, including the Mayor's Office (including the Mayor's Office of Public Finance, the Mayor's Office of Housing and the Mayor's Office of Economic Development), the Office of the City Architect, the Real Estate Division, the Planning Department, the San Francisco Redevelopment Agency and the City Attorney's Office to prepare all final agreements necessary to effectuate the Project ("Final Agreements"), and, subject to the completion of environmental review, to submit such Final Agreements to the Board of Supervisors for approval; and, be it

FURTHER RESOLVED, That by endorsing and entering into this Term Sheet, the City is not (i) committing itself or agreeing to undertake any conduct to buy or take control over the Property or the Project, or (ii) any other acts or activities requiring the subsequent

Supervisor Daly
BOARD OF SUPERVISORS
independent exercise of discretion related to the Project by the City’s Planning Commission, Board of Supervisors or any other City department, commission or agency, and that the Final Agreements are and shall remain subject to the prior approval of the City’s Board of Supervisors and any other City commission, department or agency with jurisdiction over the Property, which shall occur only after the completion of all environmental reviews required by CEQA, and which approvals may be granted, denied or conditioned upon modifications to the Project Agreements, in their respective sole and absolute discretion.
Resolution endorsing a term sheet describing the key terms and conditions of a mixed-use development project at 10th and Market Streets including affordable and market rate housing and a new City office building, and urging City staff to proceed with the preparation of agreements effectuating such a project.

November 4, 2003  Board of Supervisors — ADOPTED
Ayes: 11 - Ammiano, Daly, Dufty, Gonzalez, Hall, Ma, Maxwell, McGoldrick, Newsom, Peskin, Sandoval

File No. 031549

I hereby certify that the foregoing Resolution was ADOPTED on November 4, 2003 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

Date Approved

Mayor Willie L. Brown Jr.