

London N. Breed
MAYOR



Miguel Bustos
CHAIR

Mara Rosales
VICE-CHAIR

Bivett Brackett
Efrem Bycer
Dr. Carolyn Ransom-Scott
COMMISSIONERS

Sally Oerth
INTERIM EXECUTIVE DIRECTOR

**MINUTES OF A REGULAR MEETING OF THE
COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE
OF THE CITY AND COUNTY OF SAN FRANCISCO HELD ON THE
21ST DAY OF SEPTEMBER 2021**

The members of the Commission on Community Investment and Infrastructure of the City and County of San Francisco met in a regular meeting via teleconference at 1:00 p.m. on the 21st day of September 2021. The public was invited to watch the meeting live on SFGOVTV: <https://sfgovtv.org/ccii>

PUBLIC COMMENT CALL-IN: 1-415-655-0001 ACCESS CODE: 2481 925 4684

In accordance with Governor Gavin Newsom's statewide order for all residents to "Stay at Home" - and the numerous preceding local and state proclamations, orders and supplemental directions - aggressive directives were issued to slow down and reduce the spread of the COVID-19 virus. Individuals were encouraged to participate in the meetings remotely by calling in during the public comment section of the meeting.

REGULAR MEETING AGENDA

1. Recognition of a Quorum

Meeting was called to order at 1:00 p.m. by Chair Bustos. Roll call was taken.

Commissioner Brackett - absent
Commissioner Bycer - present
Commissioner Scott - present
Vice-Chair Rosales - present
Chair Bustos - present

Commissioner Brackett was absent; all other Commissioners were present.

2. Announcements

- a) The next regularly scheduled Commission meeting will be held remotely on Tuesday, October 5, 2021 at 1:00 pm.
- b) Announcement of Time Allotment for Public Comments from participants dialing in: Please be advised a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Commission adopts a shorter period on any item. Please note that during the public comment period, all dial-in participants from the public will be instructed to call a toll-free number and use their touch-tone phones to register any desire for public comment. Comments will be taken in the order that it was received. Audio prompts will signal to dial-in participants when their audio input has been enabled for commenting.

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Secretary Cruz read instructions for the public to call in.

3. Report on actions taken at previous Closed Session meeting - None

4. Matters of Unfinished Business - None

5. Matters of New Business:

CONSENT AGENDA

a) Approval of Minutes: Regular Meeting of August 17, 2021

b) Authorizing, pursuant to the Transbay Implementation Agreement, a Fourth Amendment to the Memorandum of Understanding (“MOU”) with the City and County of San Francisco, acting through its Department of Public Works, to extend the term of the MOU From September 17, 2020 until September 30, 2024, to complete post construction administrative activities for the Transbay Folsom Street Improvement Project; Transbay Redevelopment Project Area (Action) (Resolution No. 30-2021)

PUBLIC COMMENT – None

Commissioner Scott motioned to move Items 5(a) and 5(b) and Commissioner Bycer seconded that motion.

Secretary Cruz called for a voice vote on Items 5(a) and 5(b).

Commissioner Brackett - yes
Commissioner Bycer - absent
Commissioner Scott - yes
Vice-Chair Rosales - yes
Chair Bustos - yes

ADOPTION: IT WAS VOTED BY FOUR COMMISSIONERS WITH ONE ABSENCE THAT APPROVAL OF MINUTES FOR REGULAR MEETING OF AUGUST 17, 2021, BE ADOPTED.

ADOPTION: IT WAS VOTED BY FOUR COMMISSIONERS WITH ONE ABSENCE THAT RESOLUTION NO. 30-2021, AUTHORIZING, PURSUANT TO THE TRANSBAY IMPLEMENTATION AGREEMENT, A FOURTH AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING (“MOU”) WITH THE CITY AND COUNTY OF SAN FRANCISCO, ACTING THROUGH ITS DEPARTMENT OF PUBLIC WORKS, TO EXTEND THE TERM OF THE MOU FROM SEPTEMBER 17, 2020 UNTIL SEPTEMBER 30, 2024, TO COMPLETE POST CONSTRUCTION ADMINISTRATIVE ACTIVITIES FOR THE TRANSBAY FOLSOM STREET IMPROVEMENT PROJECT; TRANSBAY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

REGULAR AGENDA

c) Authorizing a Fourth Amendment to the Option Agreement with F4 Transbay Partners LLC, a Delaware Limited Liability Company, for the purchase of Transbay Block 4; Transbay Redevelopment Project Area (Discussion and Action) (Resolution No. 31-2021)

Presenters: Sally Oerth, Interim Executive Director; Kim Obstfeld, Development Specialist, Housing Division; Dan Esdorn, Managing Director, Hines; Bryant Sparkman, Managing Principal, Century Urban; Griselda Blackburn, Sr. Vice President, Century Urban

PUBLIC COMMENT - None

Vice-Chair Rosales thanked staff for their due diligence and for the presentation.

Commissioner Scott thanked Ms. Obstfeld for the comprehensive presentation as well as for her obvious concern regarding this matter. She stated that she was very pleased with having more affordable housing.

Commissioner Bycer thanked Ms. Obstfeld for the presentation and inquired about whether Century Urban made any statements regarding the financial feasibility of 45%.

Ms. Obstfeld responded in the affirmative that a development program up to 45% would be financially viable. She deferred to Mr. Sparkman for more detail.

Mr. Sparkman responded that they had spent a considerable amount of time with OCII staff on this project and their goals were to validate the project economics and to make sure as acting fiduciary to OCII that they were pushing for the highest level of onsite inclusionary possible. He reported that after reviewing the economics, they believed that converting the top two floors from rental units to residential condominium units was beneficial to the overall project returns. Much hard work had gone into this project as far as working through the \$47.6M parcel loan and he stated that Hines was looking at this as a long-term hold. Mr. Sparkman concluded that based on their professional opinion, they believed the project was feasible at 45% onsite, which was a defensible number and could be supported by OCII. He deferred to Ms. Blackburn for more detail.

Ms. Blackburn stated that they had been working on this project since March with the developer, reviewing their pro forma, understanding their proposed programs and recognizing that they were in a very unique market right now with COVID 19. She explained that they were looking at this as a long-term project in a more normal market where rents and condominium prices would return to pre-pandemic levels. Ms. Blackburn stated that they did consider the project as feasible as a result of an extensive review of revisions to the program and that they were looking at it as a long-term hold.

Commissioner Bycer referred to the part of the presentation wherein the developer stated that they did not 100% agree with the financial feasibility statement and requested if they could get an explanation about the difference in opinion between the developer and the consultant.

Ms. Obstfeld affirmed that Hines had informed OCII that they did not agree that 45% affordability was feasible; however, they were still prepared to move forward with the project and deferred to Mr. Esdorn for more detail.

Mr. Esdorn thanked everyone for the hard work they had put into this project so far. He expressed concern about the feasibility of the project, including both with the programs and with the current market situation, noting that this was an exceptionally ambitious project with respect to the amount of inclusionary housing they were trying to produce in San Francisco during this time and there continued to be ongoing uncertainty both in the cost and rental and condo pricing environment which was still unsettled. Mr. Esdorn added that they saw the appraisal process as an important part of this project moving forward but could not state at this time that they felt sure that the project was feasible.

Commissioner Bycer inquired about whether in his statement about the project not being feasible, Mr. Esdorn was referring to both the 45% affordability and the \$45M land price, or just the 45% affordability; inquired about when they might expect to receive the feasibility study and whether it would be after the appraisal.

Mr. Esdorn responded that this was a cumulative assessment about everything in the program and explained that there were many other elements which detracted from feasibility, like the community benefits program and other financial benefits to the City. At this stage he explained that most of the analysis was done with the assumption of a land price at zero. He reported that the Century Urban team and OCII staff in their analysis had factored in the fee payment structure of Parcel F to support units of Block 4. Mr. Esdorn responded that it was their intention to confirm feasibility after the appraisal and only then would they be prepared to move forward to construction.

Chair Bustos stated that many questions would be answered and that they would have more information after the appraisal. However, he felt they needed to move beyond what they thought the value of the price would be now. Mr. Bustos stated that earlier the 49% number was feasible. In spite of that, they needed to think beyond the number of units and think of the future of the City to be able to grow its low and middle class communities as well as grow diversity in San Francisco. He encouraged them to think beyond the money and to think of the families that would benefit from the inclusionary housing as a result of this project. Mr. Bustos reminded everyone that San Francisco was a resilient city and would bounce back and they needed to look at the long-term view.

Commissioner Scott wanted to remind Mr. Esdorn that the people of San Francisco deserved every chance to grow and develop into a united diverse city.

Vice-Chair Rosales motioned to move Item 5(c) and Commissioner Scott seconded that motion.

Secretary Cruz called for a voice vote on Item 5(c).

Commissioner Brackett - absent
Commissioner Bycer - yes
Commissioner Scott - yes
Vice-Chair Rosales - yes
Chair Bustos – yes

ADOPTION: IT WAS VOTED BY FOUR COMMISSIONERS WITH ONE ABSENCE THAT RESOLUTION NO. 31-2021, AUTHORIZING A FOURTH AMENDMENT TO THE OPTION AGREEMENT WITH F4 TRANSBAY PARTNERS LLC, A DELAWARE LIMITED LIABILITY COMPANY, FOR THE PURCHASE OF TRANSBAY BLOCK 4; TRANSBAY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

d) Workshop on Amendment to 2021-2022 Recognized Obligation Payment Schedule for January 1, 2022 to June 30, 2022 (Discussion)

Presenters: Sally Oerth, Interim Executive Director; Mina Yu, Budget and Project Finance Manager

PUBLIC COMMENT – None

Commissioner Bycer had no comments or questions.

Commissioner Scott thanked Ms. Yu for her presentation and was pleased to hear that there would be no budget necessary.

Vice-Chair Rosales had no comments or questions.

Chair Bustos thanked staff for their work on this presentation.

6. Public Comment on Non-Agenda Items - None

7. Report of the Chair

Chair Bustos reported that the process for the search for a new Executive Director was underway and that the search firm had published the job description.

8. Report of the Executive Director

Interim Executive Director Oerth referred to the informational memos in the Commissioners' packets. The first item dealt with the interim activation of the bus terminal site in Transbay. Ms. Oerth announced that the East Cut Landing partners had begun a soft opening with public activities and that they planned on having a larger grand opening in October. She would continue to update Commissioners on upcoming events.

Interim Executive Director Oerth referred to their Mission Bay affordable housing project Block 6 West and announced that the developer, Mercy Housing, had proposed naming the project after their late CEO, Sister Lillian Murphy, who passed away in 2019. They were considering naming it the Sister Lillian Murphy Community.

Interim Executive Director Oerth announced that earlier this month the School District had published a notice of availability on the draft environmental impact report on the Mission Bay school project and that the school district would be accepting comments on the report through October 19. Ms. Oerth stated that Commissioners and members of the public were invited to review the document, which would be put online soon. She added that staff was currently reviewing the document and they would share their results with Commissioners later.

9. Commissioners' Questions and Matters

Chair Bustos commented that Sister Lillian was a great supporter of affordable housing and he was very pleased that Mercy Housing would be naming this project after her because she was a community builder.

Chair Bustos inquired about whether there was a date when OCII could hold their meetings in person at City Hall again.

Interim Executive Director Oerth responded that there was no date yet and they were working on the logistics of being able to include the public at those meetings.

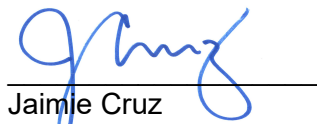
10. Closed Session - None

11. Adjournment

Commissioner Scott motioned to adjourn and Commissioner Bycer seconded that motion.

Chair Bustos adjourned the meeting at 1:49 p.m.

Respectfully submitted,



Jaimie Cruz
Commission Secretary