

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE
REDEVELOPMENT AGENCY OF THE CITY COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 14-2015

Adopted November 23, 2015

**AUTHORIZING REVISIONS TO THE SUCCESSOR AGENCY'S LONG-RANGE
PROPERTY MANAGEMENT PLAN GOVERNING THE DISPOSITION OF REAL
PROPERTY UNDER REDEVELOPMENT DISSOLUTION LAW**

WHEREAS, The Redevelopment Agency of the City and County of San Francisco, a public body (the "Former Redevelopment Agency"), was dissolved on February 1, 2012, pursuant to California Health and Safety Code Sections 34170 et seq. (the "Redevelopment Dissolution Law"); and,

WHEREAS, As a result of dissolution, all of the Former Redevelopment Agency's non-housing assets, including all real property, were transferred to the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the "Successor Agency") (commonly known as the Office of Community Investment and Infrastructure or "OCII"), and the Successor Agency assumed all of the authority, rights, powers, duties, and obligations of the Former Redevelopment Agency that remained after its dissolution. Cal. Health & Safety Code 34173 (a)

WHEREAS, On November 25, 2013, by Resolution No. 12-2013, the Oversight Board approved the Successor Agency's Long-Range Property Management Plan (the "2013 PMP") and the 2013 PMP was subsequently transmitted to the State Department of Finance ("DOF"), pursuant to Redevelopment Dissolution Law; and,

WHEREAS, The 2013 PMP provided an inventory and disposition plan for all the property OCII owns or leases now or in the future in the major approved project areas (Transbay, Mission Bay, and Hunters Point Shipyard/Candlestick Point) as well as OCII's properties in expired redevelopment project areas (Yerba Buena Center, Hunters Point, South of Market, Western Addition A-2, and Golden Gateway), and elsewhere in San Francisco (the "Agency Property"); and,

WHEREAS, Certain of the non-housing properties included in the 2013 PMP – namely Yerba Buena Gardens, the Fillmore Heritage Center, and 345 Williams – were purchased with federal urban renewal grant funds (the "CDBG Properties") under contracts approved by the U.S. Department of Housing and Urban Renewal (the "HUD Contracts"). See attached list of CDBG Properties, Exhibit A. Under the HUD Contracts, the Former Redevelopment Agency was required to use the federal funds to carry out redevelopment activities in accordance with various redevelopment plans and the federal standards for

urban renewal under Title I of the Housing Act of 1949. Upon the demise of the federal urban renewal grant program, HUD required that the Former Redevelopment Agency treat all future proceeds from the sale or lease of the CDBG Properties as program income under the federal Community Development Block Grant (“CDBG”) program; and,

WHEREAS, The Former Redevelopment Agency, and now the Successor Agency, have held the CDBG Properties for the governmental purposes described in the CDBG program (See Title 24 in the CFR, Section 570.201 (completion of urban renewal projects under Title I of the Housing Act of 1949) and Title 24 in the CFR, Section 570.800 (pre-1996 federal urban renewal regulations continue to apply to completion of urban renewal projects)) (the “CDBG Program Requirements”) and all future proceeds from the sale or lease of the CDBG Properties will be treated as program income under the CDBG Program Requirements. See Exhibit B, Western Addition Area Two Redevelopment Project Closeout Agreement; Exhibit C, Letter, H. Dishroom to D. Feinstein (August 15, 1983); and Exhibit D, Letter, M. Cremer to O. Lee (September 26, 2014); and,

WHEREAS, Pursuant to Redevelopment Dissolution Law, the 2013 PMP included information about date of acquisition, purpose of acquisition, parcel data, current value, revenue generation, environmental contamination, potential for transit-oriented development, and previous development proposals for each Agency Property. The 2013 PMP also categorized each property by one of four permissible uses: (1) retention for governmental use; (2) retention for future development; (3) disposition; or (4) use of the property to fulfill an enforceable obligation; and,

WHEREAS, DOF has completed its review of the 2013 PMP and has requested that OCII revise and update the 2013 PMP and submit a revised version to both the Oversight Board and DOF for approval (the “Revised PMP”). The Revised PMP, attached hereto as Exhibit E, includes updates to the inventory of Agency Property, given that a number of acquisitions and dispositions have occurred since 2013 and the Redevelopment Dissolution Law has been recently amended, as well as updates to future acquisition/disposition dates and corrections to property-related data such as Assessor Parcel Numbers, lot sizes, and addresses; and,

WHEREAS, The Revised PMP also includes new disposition plans for three properties: 1) the Fillmore Heritage Center Garage, (2) the Fillmore Heritage Center Commercial Parcel, and (3) 345 Williams Avenue; and,

WHEREAS, The new disposition plan for the Fillmore Heritage Center Garage Parcel is a transfer to the City and County of San Francisco (the “City”) for a governmental purpose – that is, a public parking garage – pursuant to Section 34181(a)(1) of the California Health and Safety Code. Under recent

amendments to Redevelopment Dissolution Law, the Garage Parcel meets the definition of a parking facility dedicated solely to public parking because it does not “generate revenues in excess of reasonable maintenance costs.” Section 34181 (a) (2) of the California Health and Safety Code; and,

WHEREAS, The new disposition plan for the Fillmore Heritage Center Commercial Parcel is a transfer to the City for future redevelopment pursuant to Sections 34191.5(c)(2)(A)(i)-(ii) of the California Health and Safety Code. Consistent with these Sections, the development of the Commercial Parcel was included in the Former Redevelopment Agency’s 1999-2004 and 2004-2009 Implementation Plans for the Western Addition A-2 Redevelopment Project Area. A transfer to the City will ensure: (1) that the original community development purpose for acquiring the property continues to be met and (2) that the Former Redevelopment Agency’s economic development goals for the property – that is, the development of the property as a catalyst to the successful revitalization of the lower Fillmore Street commercial corridor and the creation of employment opportunities for the community – continue to be met; and

WHEREAS, The new disposition plan for 345 Williams Avenue is a transfer to the City for future redevelopment pursuant to Section 34191.5(c)(2)(A)(i)-(ii) of the California Health and Safety Code. Transferring the site to the City will ensure (1) that the original economic development purpose for acquiring the site – that is, to develop a full-service supermarket in an underserved neighborhood – continues to be met and (2) that the objective in the City’s 2014-2015 Action Plan for CDBG activities related to the development of a new grocery store in the Bayview Hunters Point area is fulfilled; and

WHEREAS, Under Section 34191.5(c)(2)(A)(i)-(ii) of the California Health and Safety Code, the Oversight Board or DOF may require approval of a compensation agreement, as described in Section 34180(f), prior to the transfer of property that the City retains for future redevelopment activities. The compensation agreement requires the City and other taxing entities to reach agreement on payments proportionate to their share of base property taxes for the value of the property retained. In the case of the Fillmore Heritage Center Commercial Parcel and 345 Williams Avenue, the Successor Agency is recommending that the payments under the compensation agreement consist of covenants and conditions on these properties restricting their use and any future disposition to purposes consistent with the CDBG Program Requirements, and with the economic development objectives for these properties, as defined in redevelopment, five-year implementation or community plans; and

WHEREAS, Pursuant to Redevelopment Dissolution Law, OCII must have a DOF-approved PMP by January 1, 2016 to avoid the application of those provisions of Redevelopment Dissolution Law requiring DOF’s review and approval of each property disposition. After DOF’s final approval of the Revised PMP, individual implementing actions related to the Revised PMP – such as the

acquisition or disposition of property – do not require further approvals by the Oversight Board or DOF; and,

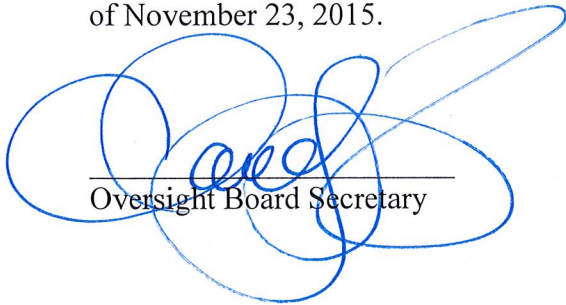
WHEREAS, The Revised PMP is required under Redevelopment Dissolution Law as part of the wind down of the activities of the Former Redevelopment Agency and, if approved by the Oversight Board and DOF, the Revised PMP is not a project under Section 15378 (b)(5) of the California Environmental Quality Act (“CEQA”) Guidelines because it is an organization or administrative activity that will not result in a direct or indirect physical change in the environment; now therefore be it

RESOLVED, That the Oversight Board hereby finds that the Revised PMP is exempt from CEQA for the reasons stated above and approves the Revised PMP, substantially in the form attached hereto as Exhibit E, for the subsequent disposition of the Agency Property; and be it further

RESOLVED, That the Oversight Board authorizes OCII, upon approval of the Revised PMP by DOF, to take all actions as needed, to the extent permitted under applicable law, to effectuate compliance with the Revised PMP.

- Exhibit A: CDBG Properties
- Exhibit B: Western Addition Area Two Redevelopment Project Closeout Agreement
- Exhibit C: Letter, H. Dishroom to D. Feinstein (August 15, 1983)
- Exhibit D: Letter, M. Cremer to O. Lee (September 26, 2014)
- Exhibit E: Revised Long-Range Property Management Plan

I hereby certify that the foregoing resolution was adopted by the Oversight Board at its meeting of November 23, 2015.



Oversight Board Secretary

CDBG Properties

Project Area	Project Name	Address	Legal Description	Acquisition Date	Titleholder:	
					Original/Current	Notes
Bayview Hunters Point	Foodsco Grocery Store	345 Williams Avenue, San Francisco, CA 94124	APN: 5423A-009	9/27/1990	Original: SFRA Current: OCII	
Western Addition	Fillmore Heritage Center Project (Garage & Commercial Parcel)	1310 Fillmore Street, San Francisco, CA	APNs: 732-032, 732-033	4/1967 - 4/1969	Original: SFRA Current: OCII	
Yerba Buena Center	All of the CB-1 land acquired under the HUD Contract	Multiple (See Projects Below)	APNs: 3706-096, 099-111, 119-124, 272, 277	4/1967 - 8/1983	Original: SFRA Current: OCII	
	Contemporary Jewish Museum (Airspace Parcels only)	736 Mission Street, San Francisco, CA 94103	APN: 3706-277	4/1967 - 12/1971	Original: SFRA Current: OCII	
	Jessie Square Garage and Mexican Museum Site	720 and 740 Mission Street, and 223 Stevenson Street, San Francisco, CA 94103	APNs: 3706-275, 277	10/1967 - 12/1971	Original: SFRA Current: OCII	
	Jessie Square Plaza	N/A	APN: 3706-277	10/1967 - 12/1971	Original: SFRA Current: OCII	
	Yerba Buena Lane	N/A	APNs: 3706-119, 120,121,122,123, 124	4/1967 - 8/1983	Original: SFRA Current: OCII	
	Marriott Hotel (land only)	55 Fourth Street, CA 94103	APNs: 3706-096,110,111	4/1967 - 8/1983	Original: SFRA Current: OCII	
	Retail Spaces fronting Yerba Buena Lane	760A - 760C Mission Street, 773B - 773H Mission Street, and 773 Market Street, San Francisco, CA 94103	APNs: 3706-99,100,103,104,105,106, 107,108,109	5/1970 - 8/1983	Original: SFRA Current: OCII	
	Four Season's Hotel Retail Parcel	757 Market Street, 20 Yerba Buena Lane, San Francisco, CA 94103	APN: 3706-272	8/1969 - 2/1973	Original: SFRA Current: OCII	
	BART Parcels	N/A	APNs: 3706-101,102	5/1971	Original: SFRA Current: OCII	
Yerba Buena Center	All of the CB-2 land acquired under the HUD Contract	Multiple (See Projects Below)	APNs: 3723-113, 114, 115, 116, 117	3/1967 - 7/1970	Original: SFRA Current: OCII & CCSF	
	Yerba Buena Gardens (open space & support facilities)	750 Howard Street, San Francisco, CA 94103	APN: 3723-115	3/1967 - 7/1970	Original: SFRA Current: OCII	
	Metreon (land only)	101 Fourth Street, San Francisco, CA 94103	APNs: 3723-114, 115	3/1967 - 7/1970	Original: SFRA Current: OCII	
	Marriott Hotel (land only)	55 Fourth Street, CA 94103	APNs: 3723-113,115, 116, 117	3/1967 - 7/1970	Original: SFRA Current: OCII	
	Yerba Buena Center for the Arts	701 Mission Street and 700 Howard Street, San Francisco, CA 94103	APN: 3723-115	3/1967 - 7/1970	Original: SFRA Current: OCII	
	East Café (B Restaurant)	720 Howard Street, San Francisco, CA 94103	APN: 3723-115	3/1967 - 7/1970	Original: SFRA Current: OCII	
	West Café (Samovar)	730 Howard Street, San Francisco, CA 94103	APN: 3723-115	3/1967 - 7/1970	Original: SFRA Current: OCII	
Yerba Buena Center	All of the CB-3 land acquired under the HUD Contract	Multiple (See Project List)	APN: 3734-091	3/1967 - 9/1970	Original: SFRA Current: CCSF	
	Children's Garden (open space, playground equipment, gardens)	N/A	APN: 3734-091	3/1967 - 9/1970	Original: SFRA Current: CCSF	OCII owns the improvements and leases the land from the City.
	Child Development Center	790 Folsom Street, San Francisco, CA 94103	APN: 3734-091	3/1967 - 9/1970	Original: SFRA Current: CCSF	OCII owns the improvements and leases the land from the City.
	Children's Creativity Museum & Carousel	221 Fourth Street, San Francisco, Ca 94103	APN: 3734-091	3/1967 - 9/1970	Original: SFRA Current: CCSF	OCII owns the improvements and leases the land from the City.
	Ice Skating & Bowling Center	750 Folsom Street, San Francisco, CA 94103	APN: 3734-091	3/1967 - 9/1970	Original: SFRA Current: CCSF	OCII owns the improvements and leases the land from the City.

**Exhibit A
CDBG Properties**

Yerba Buena Center	Sidewalk Parcels	N/A	APNs: 3751-167, 168	8/1966 - 10/1970	Original: SFRA Current: OCII	
Yerba Buena Center	Remainder Parcels	N/A	APNs: 3733-096, 098	8/1967 - 11/1967	Original: SFRA Current: OCII	
Yerba Buena Center	St. Regis Hotel (land)	125 3rd Street, San Francisco, CA 94103	APN: 3722-082	5/1967 - 2/1975	Original: SFRA Current: SF Museum Tower LLC	This property was sold but still generates PI for YBG

CLOSEOUT AGREEMENT BY AND BETWEEN THE
REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO
AND THE CITY AND COUNTY OF SAN FRANCISCO
RELATING TO THE WESTERN ADDITION AREA TWO
REDEVELOPMENT PROJECT (CALIF. R-54)

This Agreement, made and entered into this 16 day of June, 1982 by and between the Redevelopment Agency of the City and County of San Francisco (hereinafter called "Agency") and The City and County of San Francisco (hereinafter called "City"):

WITNESSETH:

WHEREAS, The Agency and the United States of America, acting by and through the Secretary of Housing and Urban Development ("Government") entered into Contract No. Calif. R-54 (LG) dated the 30th day of June, 1966 ("Contract") for the purpose of providing Federal financial assistance under Title I of the Housing Act of 1949, as amended, to carry out redevelopment activities in the Western Addition Area Two Redevelopment Project in accordance with a duly adopted Redevelopment Plan; and

WHEREAS, the redevelopment activities to be undertaken pursuant to the Contract have not been substantially completed as defined in 24 C.F.R. 58.20 (e), but an environmental review of the early financial settlement of the Program has been completed in accordance with the provisions of 24 C.F.R. 58.20 (a) and the citizen participation requirements under 24 C.F.R. 570.803 (e) (2) have been complied with; and

WHEREAS, the City has a Community Development Block Grant entitlement for fiscal Year 1982 of \$22,547,000 for which a Grant Agreement has been executed; and

WHEREAS, Community Development Block Grant regulations (24 C.F.R. Part 570) permit financial settlement of urban renewal projects prior to completion, and such regulations require a closeout agreement executed by the Agency and the City pertaining to certain remaining obligations under the Contract; and

WHEREAS, the Agency desires to use grant earned under the Contract, and unearned grant as defined in Title 24 C.F.R. Section 570.800 (c) to repay the outstanding project temporary loan obligation for Calif. R-54 in the amount of \$10,985,000 plus interest; and

WHEREAS, there are no surplus grant funds as defined in Title 24 C.F.R. Section 570.800 (d) and

WHEREAS, a request for financial settlement of the Western Addition Area Two Redevelopment Project Calif, R-54 will be submitted to the Department of HUD by the Agency and City and

WHEREAS, in Resolution No. 417-82, adopted on JUNE 14, 1982, the Board of Supervisors of the City and County of San Francisco has authorized the Mayor to make application for financial settlement of the said Western Addition Area Two Redevelopment Program to the Department of Housing and Urban Development ("HUD");

NOW THEREFORE, in consideration of the mutual covenants, promises and representations contained herein, the parties hereto agree as follows:

- (1) All remaining undisposed properties acquired by the Agency in the redevelopment area are shown in Exhibit A hereto. All the proceeds from the sale or lease of such property after financial settlement of the Program shall be treated as program income to the Community Development Block Grant Program under the provisions of 24 C.F.R. 570.506.
- (2) Upon displacement from any property acquired or under an unconditional agreement to be acquired as part of the Program, the displacees shall be provided all benefits to which they may be entitled under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. Prior to such displacement, the maintenance of such occupied residential properties shall be substantially consistent with the property management standards which were applicable to such property prior to the financial settlement.
- (3) Any and all unearned grants made available as a result of the financial settlement will first be applied to repayment of the outstanding Project temporary loan.
- (4) The Agency and the City agree that all proceeds from the sale or lease of project area property subsequent to said financial settlement will be used to complete project activities in the Western Addition Area Two Redevelopment area to the extent that such activities constitute eligible costs under both redevelopment project and Community Development Block Grant requirements. Any land disposition proceeds not needed for completion of remaining project activities in such area will be applied to the repayment of temporary loans on the Yerba Buena Center Project Calif. R-59.
- (5) Any costs or obligations incurred in connection with the Western Addition Area Two Redevelopment Project with respect to claims which are disputed, contingent, unliquidated, or unidentified, and for the payment of which insufficient project funds have been reserved under financial settlement shall be borne by the City. Such additional expenses may be paid from Community Development Block Grant funds made available under 24 C.F.R. 570.
- (6) Obligations incurred under the Closeout Agreement for the Western Addition Area Two Redevelopment Project are made specifically subject to program management requirements of Subpart O, 24 C.F.R. 570.900 et seq., of the Rules and Regulations Governing the Use of Community Development Block Grant Funds.

(7) This Agreement may be executed in three (3) counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Agency and the City have both caused this Agreement to be duly executed on their individual behalf and the seals of each to be hereunto affixed and attested the day and year first above written.

Attest:

John L. Taylor
Clerk

CITY AND COUNTY OF SAN FRANCISCO

Dianne Feinstein
Mayor

Attest:

[Signature]
Secretary

REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO

[Signature]
Executive Director

Concurred in:
United States of America
Secretary of Housing and Urban Development

Paul R. Taylor
San Francisco Area Office

ATTACHMENT

EXHIBIT A

Page 1 of 5

REMAINING UNDISPOSED PROPERTIESWESTERN ADDITION AREA TWO - CALIF. R-54I. Parcels of Land (Vacant)

<u>Parcel #</u>	<u>Area (Square Feet)</u>
603-D1	19,497
689-B	4,125
726-B	108,362
774-B	6,270
779-B	25,553
779-C	15,708
1100-T	10,200
1100-D1	9,000
1128-B	6,300
677-B	27,500
677-C1	8,250
678-C2, 678-C3, 678-C1 Easement	53,269
603-E	14,474
686-G	6,250
686-H1	17,091
686-H2	4,298
707-A	27,094
707-B	22,344

EXHIBIT A

Page 2 of 5

REMAINING UNDISPOSED PROPERTIES
WESTERN ADDITION AREA TWO - CALIF. R-54I. Parcels of Land (Vacant)

<u>Parcel #</u>	<u>Area (Square Feet)</u>
708-A, 725-A,B,C and E	163,900
725-D	27,486
726-A	64,375
731-B	30,625
733-A	11,364
738-B	21,980
743-A	5,870
743-D	22,280
750-A	113,438
754-B	5,500
767-A and 767-B	56,295
768-A	23,950
774-C	22,687
1100-A	8,505
1100-E	2,580
1101-A	2,172
1102-A	1,500
1126-B	9,605
1126-C	5,156

EXHIBIT A

Page 3 of 5

REMAINING UNDISPOSED PROPERTIES
WESTERN ADDITION AREA TWO - CALIF. R-54I. Parcels of Land (Vacant)

<u>Parcel #</u>	<u>Area (Square Feet)</u>
674-C1	2,530
676-A	7,231
676-K	14,608
677-C2	3,781
677-D	6,677
714-A2	12,353
724-A1	3,169
728-J, A; E	75,068
731-A	30,079
749-C	16,471
755-A	3,280
780-E	2,535
780-H	12,375
792-D	10,227
732-A	85,937
732-B	<u>27,500</u>
TOTAL	<u>1,299,675</u>

EXHIBIT A

Page 4 of 5

REMAINING UNDISPOSED PROPERTIESWESTERN ADDITION AREA TWO - Calif. R-54II. AGENCY-OWNED PROPERTIES

<u>Parcel No.</u>	<u>Address</u>	<u>DU's</u>
724-C	1519-29 O'Farrell	6
-A (2)	1360-70 Webster	2
-A (2)	35-45 Hollis	2
728-H	1939-41 O'Farrell	2
-H	1943-45 "	2
-H	1947-49 "	2
-H	1951-53 "	2
-H	1955-57 "	2
-H	1959-61 "	2
-H	1963-65 "	2
754-C	1400 Golden Gate	1
-C	1402 " "	1
-C	1404 " "	1
-C	1405 " "	1
-C	1408 " "	1
-C	1410 " "	1
-C	1412 " "	1
1100-R	1960 Ellis	3
-H	1970 Ellis	3
1127-E (2)	1213-15 Scott	2
674-D (1)	1694-98 Sutter	5 + c
683-F	1724-28 Steiner	3
687-C	1695-97 Sutter	1 + c
728-K	1335 Pierce	1
-N	1905-07 O'Farrell	2
1126-G	1225-29 Divisadero	2 + c
1127-E (1)	1800 Eddy	4
1129-Q	1107-11 Divisadero	3
-P	1266 Turk	1
1127-E (3)	1211 Scott	1
-E (4)	1207-09 Scott	1
-K	1909-11 Ellis	2
674-C (2)	1734-38 Laguna	3
687-C (1)	1622 Laguna	1
-F	1689 Sutter	1
683-C (1)	1401-05 Gough	3
-C (3)	1402-04 Post	3
-C (4)	1405-03 Post	2

EXHIBIT A

Page 5 of 5

II. AGENCY-OWNED PROPERTIES (continued)

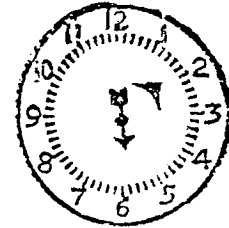
609-A	1362 Post	1
728-L	1339-41 Pierce	2
-F	1329 Pierce	6
749-F	1151 Webster	4
779-K	906 Steiner	2
1129-I	1101 Divisadero	9 + c
677-C	1956-60 Sutter	8 + c
674-C	1899 Bush	c
-F	1881 Bush	c
688-C (2)	1400 Post	1 + c
748-B	1353-67 Eddy	8
765-B	1101-23 Fillmore	31 + c
1127-F	1985 Ellis	12
-L	1917 Ellis	1
1129-0	1915-19 Eddy	3
683-D (2)	2075-89 Sutter	c
714-A (1)	1109-17 Geary	30 + c
785-A (1)	685-91 McAllister	18 + c
1101-B	1325-29 Divisadero	16 + c



San Francisco Area Office, Region IX
One Embarcadero Center, Suite 1600
San Francisco, California 94111
Office of the Area Manager

Exhibit C

AUG 15 '83 AM



RECEIVED
SAN FRANCISCO
REDEVELOPMENT AGENCY
1-1779.83-128

Honorable Dianne Feinstein
Mayor, City and County of San Francisco
City Hall, Room 200
San Francisco, CA 94102

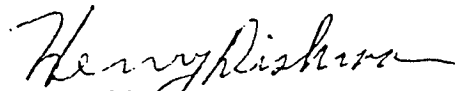
Dear Mayor Feinstein:

SUBJECT: Project No. Calif. R-59
Yerba Buena Center
Financial Settlement

This is to inform you that the Yerba Buena Center Urban Renewal Project has been financially settled. A copy of our letter to the Redevelopment Agency formally notifying it of the financial settlement, along with a copy of the executed Closeout Agreement, are enclosed for your information.

Please note that as is the case with the other urban renewal projects which have been closed out under the provisions of Section 570.803 of the Community Development Block Grant Program Regulations, all future proceeds from the sale or lease of Project land must be treated as program income under the CDBG program, and accounted for accordingly.

Sincerely,

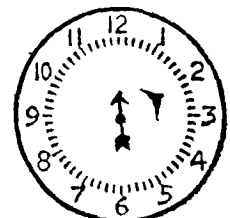

Henry Dishroom
Area Manager, 9.3S

Enclosures

cc: Mr. Wilbur W. Hamilton, Executive Director ✓
San Francisco Redevelopment Agency

Mr. James Johnson, Executive Director
Mayor's Office of Housing and Community Development

AUG 15 '83 PM



RECEIVED
CONTROLLER
SAN FRANCISCO
REDEVELOPMENT AGENCY

YERBA BUENA CENTER REDEVELOPMENT PROJECT
CLOSEOUT AGREEMENT

THIS AGREEMENT, entered into by and between the Redevelopment Agency of the City and County of San Francisco (the local public agency carrying out the project, hereafter called the "Agency") and the City and County of San Francisco (the unit of general local government in which the project is located, hereafter called the "City"),

W I T N E S S E T H

WHEREAS, the Agency and the United States of America, acting by and through the Secretary of Housing and Urban Development "HUD" entered into Contract No. Calif. R-59 (City) dated December 2, 1966 ("HUD Contract") for the purpose of providing Federal financial assistance under Title I of the Housing Act of 1949, as amended, to carry out redevelopment activities in the Yerba Buena Center Project ("Project") in accordance with a duly adopted Redevelopment Plan ("Plan"), which HUD Contract, Project and Plan have been amended from time to time; and

WHEREAS, an environmental review of the early financial settlement of the Project has been completed in accordance with the provisions of 24 CFR 58.15(a) and the citizen participation requirements under 24 CFR 570.803(e)(2) have been complied with; and

WHEREAS, Community Development Block Grant regulations (24 CFR Part 570) permit financial settlement of urban renewal projects prior to completion, and such regulations require a closeout agreement executed by the Agency and the City pertaining to certain remaining obligations under the HUD Contract; and

WHEREAS, the Agency desires to use any grant earned under the HUD Contract, and any unearned grant as defined in Title 24 CFR Section 570.800(c) to repay the outstanding project temporary loan obligation for Calif. R-59 in the amount of \$11,100,000 plus interest; and

WHEREAS, there are no surplus grant funds as defined in Title 24 CFR Section 570.800(d); and

WHEREAS, the City has a Community Development Block Grant entitlement of \$22,104,722 for Fiscal year 1983 for which a Grant agreement has been executed; and

WHEREAS, a request for financial settlement of the Yerba Buena Center Redevelopment Project Calif. R-59 has been submitted to the Department of HUD by the Agency and City; and

WHEREAS, in Resolution No. 659-83, adopted on July 25, 1983, the Board of Supervisors of the City and County of San Francisco has approved this Close Out Agreement and has authorized the Mayor to make application for financial settlement of the said Yerba Buena Center Redevelopment Project to HUD;

NOW THEREFORE, in consideration of the mutual covenants, promises and representations contained herein, the parties hereto agree as follows:

Section 1. Project Property

(a) The Project Property is composed of the parcels (some with structures thereon) described in the Project Property Inventory, attached hereto as Exhibit "A", and made a part hereof.

(b) The Project Property shall be retained for disposition by the Agency. The requirement for disposition at fair use value under Section 110(c)(4) of Title I of the Housing Act of 1949, as amended, is not applicable to the disposition of any such Project Property.

(c) Subject to applicable federal and other law and regulation, the proceeds received from the sale and/or lease of Project Property may be used to complete the Redevelopment Project and for necessary and/or appropriate economic development activities in the Project and may also be used to repay any loan (or loans) obtained by the Agency for the purpose of repayment of its Temporary Loan obligation to HUD and any loan (or loans) obtained by the Agency for the purpose of land acquisition necessary for the completion of the Project.

(d) A description of the proposed Project Completion and Economic Development Activities is shown on Exhibit B attached hereto, and made a part hereof.

Section 2. Displacement

On displacement from any above listed occupied property, the displacees shall be provided all benefits to which they may be entitled under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

No displacement of any person from occupied residential properties listed above is involved.

Section 3. Low- and Moderate-Income Housing

The low- and moderate-income housing required to be provided due to the demolition or removal of residential

structures with Project funds, pursuant to Section 105(h) of Title I of the Housing Act of 1949, as amended, have been satisfied and provided.

Section 4. Unearned Grants

Any and all unearned grants made available as a result of the financial settlement will be applied to repayment of the outstanding Project temporary loan.

Section 5. Repayment of Project Temporary Loan

The project temporary loan of \$11,100,000 due August 9, 1983 will be repaid from a portion of the proceeds of the public sale of Agency bonds, in an amount not to exceed \$29,000,000 (authorized by Board of Supervisors Resolution No. 429-83), less any unearned grant as described in Section 4. Bonds are expected to be sold not later than July 28, 1983.

Section 6. Claims

Any costs or obligations incurred in connection with the Yerba Buena Center Redevelopment Project with respect to claims which are disputed, contingent, unliquidated, or unidentified, and for the payment of which insufficient project funds have been reserved under financial settlement shall be borne by the City. Such additional expenses may be paid from Community Development Block Grant funds made available under 24 CFR 570.

Section 7. Program Management

The obligations under this Closeout Agreement are subject to the applicable Program Management requirements of 24 CFR Part 570, Subpart O.

Section 8. Special Provisions of Contract

(a) The GSA property located at 49 Fourth Street, San Francisco, California is not covered by the HUD contract but is part of the Agency and City approved Yerba Buena Center Redevelopment Project and is subject to the Agency and City approved Yerba Buena Center Redevelopment Plan as amended. Accordingly, as between the Agency and the City, the Project and the Project Property shall for purposes of Section 1, and the attached Exhibits A and B to this Agreement, include the acquisition of the GSA property by the Agency, and its disposition.

(b) Pursuant to the provisions of 24 CFR Part 58, City agrees to assume all duties of HUD under the National Historic Preservation Act of 1966, as amended, (16 U.S.C. 470 et.seq.), Executive Order 11593, and the regulations

issued pursuant thereto. Such duties are those specified in that Memorandum of Agreement of May 7, 1983, between the Advisory Council on Historic Preservation, the California State Historic Preservation Office and HUD, and in any supplemental Memorandum of Agreement or supplementary or amendatory stipulations respecting the Jessie Hotel and the Williams Building that the City, the Agency, the California State Historic Preservation Office and the Advisory Council on Historic Preservation agree to.

ATTEST:

CITY AND COUNTY OF SAN FRANCISCO

ACTING

M. B. Magnus
Clerk

John S. Kirk
Mayor

ATTEST:

REDEVELOPMENT AGENCY OF THE CITY
AND COUNTY OF SAN FRANCISCO

Peter R. Oswald
Secretary

[Signature]
Executive Director

Concurred in:
United States of America
Secretary of Housing and Urban Development

Henry Rishman
San Francisco Area Office

EXHIBIT A
PROJECT PROPERTY INVENTORY

<u>PARCEL #</u>	<u>Area (Sq. Ft.)</u>
✓ 3706-1	136,000
3750-A	130,873
✓ 3706-P	80,720
✓ 3723-A	226,875
✓ 3723-B	226,875
3751-B	36,720
3751-P	16,876
3751-Q	48,514
3751-S	18,022
3751-V	6,480
3751-H	36,720
3763-A	25,200
3707-A	31,840
3707-B	963
3722-A	32,960
3722-B	81,525

EXHIBIT B

Description of Proposed Project

Completion and Economic Development Activities

1. The CENTRAL BLOCKS 1, 2, and 3 (Between Market, Folsom, Third and Fourth Streets). (Presently under negotiation by the Agency.)

(a) On Central Block 1, the development, operation, maintenance, and security of an office building, hotel, retail and housing and related parking integrated with the development, operation, maintenance and security of open space developed with plazas, walkways and landscaping and cultural facilities;

(b) On Central Blocks 2 and 3, the development, operation, maintenance and security of retail, ARE (Amusement, Recreation, Entertainment) and parking integrated with the existing Moscone Convention Center and the development, operation, maintenance and security of open space developed with plazas, walkways, landscaping, parks, gardens, and fountains and cultural facilities on Central Block 2. The estimated commencement of the Central Blocks 1, 2, and 3 development is within 1 year with an estimated completion within 5 years thereafter.

2. East Block 2 (on Third Street south of Mission and on Mission east of Third). (Presently under negotiation by the Agency.)

The development, operation, maintenance and security of an office building, housing and related parking and retail. The estimated completion of the development is no later than three years after the completion of Central Blocks 1, 2, and 3.

3. Remaining Project Land (areas other than described in 1 and 2 above.)

This land will be disposed of as quickly as possible consistent with development of Central Blocks 1, 2, 3, East Block 2, and appropriate economic absorption standards.

4. Housing Assistance

It is anticipated that assistance to low and moderate income housing adjacent to (south and west of) the Project Area may be made available before completion of the Central Blocks 1, 2, and 3 development. An objective of such assistance will be to stabilize and thus keep available such existing low and moderate income housing.

5. Jobs and Minorities

It is estimated that the Project Completion and Economic Development Activities on Central Blocks 1, 2, 3, and East Block 2 will result in hundreds of construction jobs and 8,000 permanent jobs, of which 5,700 will be new jobs, many benefiting low and moderate income persons. Minority and women entrepreneurship in construction and post-construction will be provided for.



U.S. Department of Housing and Urban Development
San Francisco Regional Office - Region IX
600 Harrison Street
San Francisco, California 94107-1387
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SEP 26 2014

Mr. Olson Lee
Director
Mayor's Office of Housing and Community Development
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Dear Mr. Lee:

Subject: Results of Project-Specific Monitoring of HUD-assisted
San Francisco Redevelopment Agency (SFRDA) Projects
Subject to Compliance with Binding and Enforceable Obligations and Conditions
Under the Community Development Block Grant (CDBG) Program:

- Yerba Buena Center – Marriott, Metreon and Howard Street Projects
- Bayview Hunters Point – Food Co-op Project

As a follow-up to a recent OIG audit of the San Francisco HUD Regional Office and Los Angeles Field Office pertaining to the oversight of local Redevelopment Agency projects assisted with funding under HUD programs, our office conducted a project-specific monitoring review of the above four projects at the Mayor's Office of Housing and Community Development on August 7th and 8th, 2014. The review was completed by Rafael Cedillos, Sr. Community Planning and Development Representative. Also participating in the review was the Office of Community Investment & Infrastructure (OCII), the successor agency to the San Francisco Redevelopment Agency (SFRDA) following the State's legislative mandate requiring the dissolution of Redevelopment agencies in February 2012.

The purpose of HUD's visit was to review pertinent documents and information pertaining to the above four projects covered in the OIG's audit, which were administered by the former SFRDA and are currently administered by OCII. More specifically, we wanted to ensure that binding and enforceable obligations and conditions placed on these projects as a result of HUD funding—have been and/or are currently being adhered to in compliance with applicable Community Development Block Grant (CDBG) Program requirements.

Yerba Buena Center Projects

The Yerba Buena Center projects received \$79 Million in HUD Urban Renewal funding in 1967 directly from the Department for site acquisition purposes and the projects were completed successfully and eventually closed-out in 1983. The SFRDA retained ownership of all of the HUD-assisted acquired YBC properties until these were assumed by OCII, including the administration of all leasehold interests and generated program income.

We reviewed the HUD Urban Renewal Program Loan and Capital Grant Contract executed by HUD and SFRDA executed in December 1966 covering the Yerba Buena Center projects. In addition, we reviewed the project close-out and financial settlement Agreement executed in July 1983 by HUD and SFRDA, which allowed the proceeds received from the sale and/or lease of project property to be used for necessary and/or appropriate economic development activities in the project—defined by HUD as the operation, maintenance and security of open space, plazas, walkways, landscaping, parks, gardens, fountains, retail, hotel, office building, housing and related parking integrated with the development and Moscone Convention Center, ARE (amusement, recreation and entertainment) and cultural facilities, as applicable within each of the three segments comprising the YBC Redevelopment Project Area.

Project close-out letters from HUD Region IX Area Manager, Henry Dishroom, to Wilbur Hamilton, SFRDA Executive Director, and Mayor Dianne Feinstein, further stated that the sale or lease of project land must be treated as program income under the CDBG program and accounted for accordingly. According to MOHCD, in their discussion with the OIG in September 2013, the OIG's review of public records confirmed the SFRDA as the owner of record of the YBC project properties. These SFRDA assets have now been assumed by OCII, with the exception of APN3734/091-Moscone Convention Center South, which was transferred to the City of San Francisco in 2011.

Therefore, we focused on the review of documentation which would show the tracking of the receipt and expenditure of revenue generated by YBC project property leases, i.e., enforceable obligations. COII staff provided us with SFRDA annual general ledger reports documenting leasing income generated by YBC properties, including underground facilities, from 1992 (when leasing income was first generated) through 2013, as well as expenditures for the operation, maintenance and security of such items permitted by HUD under the Urban Renewal close-out Agreement.

We determined that the SFRDA and OCII were properly collecting, tracking and expending YBC program income generated from leasing enforceable obligations and in compliance with CDBG program income accountability requirements. Furthermore, MOHCD required program income information to be provided by OCII and formerly by SFRDA, in order to include it in the City's Annual Action Plan and annual reporting documents submitted to HUD.

Bayview Hunter's Point Food Co-op Project

The Bayview Hunter's Point Food Co-op project received \$4 Million of CDBG program income funding administered by the SFRDA in 1990, which was utilized for site acquisition by the SFRDA. Ownership of the BHPFC project site and the oversight of the lease and generated program income remained under the SFRDA since 1990, but have been assumed by OCII.

A memorandum from Edward Helfeld, SFRDA Executive Director, to the Mayor's Hunters Point Economic Development Planning Taskforce, acknowledged that \$4M in CDBG funds were approved for the BHP Food Co-op by the Mayor and Board of Supervisors in the

agency's 1990/1991 budget and on September 1990, the Redevelopment Commission approved acquisition of the site for this project.

A Memorandum of Agreement executed on January 1, 1992, between the SFRDA and MOCD officially gave the responsibility to the SFRDA for administering SFRDA generated CDBG program income. Prior to this MOA, the SFRDA as a CDBG sub-recipient, determined which projects to fund with CDBG program income, but subject to the approval from the Mayor and Board of Supervisors.

SFRDA records pertaining to the BHP Food Co-op are approximately 25 years old and have been stored in microfiche by the City. OCII researched existing records, but an agreement executed between the SFRDA and the BHP Food Co-op owner was not available. However, it's not certain that such an agreement did not exist. Given that HUD-CPD senior staff did review the BHP Food Co-op project as part of its multi-program monitoring from mid-August to mid-October 1992 (although with an emphasis on the environmental review process), the non-availability of such an agreement would likely have been flagged by HUD-CPD at the time. It's pertinent to note that HUD-CPD concluded at the time that the SFRDA's financial systems and controls were adequate to ensure accountability for continuing Urban Renewal activities and activities funded with program income that continued to be generated from Urban Renewal and CDBG funded projects. No weaknesses or deficiencies were found in accounting for program income.

OCII staff provided us with copies of SFRDA financial records, specifically, annual general ledger reports from 1990 through 2013 reflecting program income generated from the BHP Food Co-op lease of SFRDA land acquired with CDBG funds, as well as general ledger reports for two sample years, i.e., 1996 and 2008, showing expenses of CDBG program income for CDBG eligible activities. We determined that the SFRDA and OCII were properly collecting, tracking and expending BHP Food Co-op CDBG program income generated from the leasing enforceable obligation and in compliance with CDBG program income requirements.

At the monitoring exit conference held with you, members of your staff and OCII staff on August 8, 2014 at MOHCD offices—we stated that no Findings or Concerns were determined as a result of our review of the subject SFRDA projects assisted with HUD program funds. We concluded that the SFRDA retained ownership (and eventually OCII in its role as "Successor Agency") of the Yerba Buena Center properties (excluding Moscone Convention Center South) and the Bayview Hunter's Point Food Co-op property; the SFRDA and OCII have carried out leasing enforceable obligations pertaining to each of the properties to-date; and have collected, tracked and expended CDBG program income in compliance with CDBG program requirements.

Furthermore, OCII is in the process of preparing a long-range property management plan to be submitted to the State Department of Finance in November. The management plan will include any properties which are bound by enforceable obligations and should therefore be exempt from the State's disposition actions. These will include the YBC and BHPC properties which are required to comply with CDBG program income requirements.

We offered the following recommendations which were agreed to by MOHCD and OCII:

Recommendation No. 1:

- Execute an updated Memorandum of Agreement which covers the roles of responsibility of MOHCD and OCII pertaining to the administration and disposition of any and all CDBG program income generated from non-housing CDBG-assisted projects originally administered by the SFRDA (and now under OCII's oversight), including program income generated from the YBC HUD Urban Renewal projects. A listing of all such SFRDA/OCII projects which generate CDBG program income should be referenced in the MOA. A draft of the MOA has since been prepared by MOHCD and OCII and is acceptable to HUD. The MOA will need to be reviewed by the legal teams from MOHCD and OCII, before being submitted to the OCII Commission for final approval, as well as the Oversight Board.

Recommendation No. 2:

- A certification from MOHCD confirming its evaluation (based on historical records available and reasonable assumptions) that the BHP Food Co-op initially met CDBG eligibility and National Objective requirements and has continued to meet such requirements beyond the period to which the CDBG regulations' "reversion of assets" standard applies, i.e., five years after the end of the contract between SFRDA and the project owner (i.e., project completion and meeting of economic development low/mod job creation goals). The certification has been prepared by MOHCD and is acceptable to HUD.

Thank you and respective staff members from MOHCD and OCII for your cooperation and assistance during this project monitoring review. If you have any questions, please contact me at (415) 489-6572 or maria.f.cremer@hud.gov, or Rafael Cedillos, at (415) 489-6585, or rafael.a.cedillos@hud.gov.

Sincerely,



Maria Cremer
Director, Community Planning
and Development Division

cc: Benjamin McCloskey, Chief Financial Officer, MOHCD
Brian Cheu, Director of Community Development, MOHCD
Gloria Woo, Director of Compliance and Data Analysis, MOHCD
Tiffany Bohee, Executive Director, OCII
Tracie Reynolds, Development Services Manager, OCII
Denise Zermani, Senior Development Specialist, OCII
Rosa Torres, Accounting Supervisor