

**MINUTES OF A REGULAR MEETING OF THE  
REDEVELOPMENT AGENCY OF THE CITY  
AND COUNTY OF SAN FRANCISCO HELD ON  
THE 15<sup>th</sup> DAY OF FEBRUARY OF 2011**

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00 p.m. on the 15<sup>th</sup> day of February 2011, at the place and date duly established for holding of such a meeting.

President Swig called the meeting to order at 4:00 p.m.

Mr. Swig welcomed members of the public and radio listening audience and asked that all electronic devices including pagers and cellular telephones be turned off during the meeting. Mr. Swig asked members of the public who wished to address the Commission to fill out speaker cards, and to state their names for the record, and to limit their remarks to three minutes. Mr. Swig stated that the appropriate time for members of the public to address the Commission on matters not on the current Agenda, but related to general Agency business, would be Item 6 on the agenda. This portion of the Agenda is not intended for debate or discussion with the Commission or staff, and members of the public should simply state their business or matter they wish the Commission or staff to be aware of, and if they had questions, to follow-up with staff or Commissioners during a break or after adjournment. It is not appropriate for Commissioners to engage in a debate or respond on issues not properly set in a publicly-noticed meeting agenda.

**1. RECOGNITION OF A QUORUM**

The Commission Secretary announced the presence of a quorum with the following Commissioners present:

Rick Swig, President  
Darshan Singh, Vice President  
Rosario M. Anaya  
Francee Covington

And the following Commissioners were absent:

Miguel M. Bustos  
Leroy King  
Agnes Briones-Ubalde

Fred Blackwell, Executive Director, and staff members were also present.

2. **REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** No Reportable Action.
3. **MATTERS OF UNFINISHED BUSINESS.** None.
4. **MATTERS OF NEW BUSINESS:**

**CONSENT AGENDA:**

- (a) Approval of Minutes: Regular Meeting of February 1, 2011

Commissioner Covington requested Item 4(a) be pulled from consent.

Speakers: None

Commissioner Covington asked that page 7 be corrected; Commissioner Covington's name should be replaced by Commissioner Anaya's name.

Commissioner Covington put forth a motion to move Item 4(a).

Commissioner Anaya asked that her name be added as being present.

Commissioner Anaya seconded Ms. Covington's motion.

**ADOPTION:** IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER ANAYA, AND UNANIMOUSLY CARRIED THAT THE MINUTES OF THE REGULAR MEETING OF FEBRUARY 1, 2011, BE ADOPTED.

**REGULAR AGENDA**

Agenda Items 4(b) and (c) were presented together, but acted on separately

- (b) Authorizing an Amended and Restated Tax Increment Loan Agreement with Folsom Essex LLC, a California limited liability corporation, consisting of a previously approved loan in the amount of \$3,181,995, new loan funds in the amount of \$5,576,646, and new conditional loan funds in the amount of \$10,550,000, all in an aggregate amount not to exceed \$19,308,641, for the development of approximately 120 units of very low-income supportive rental housing, the Rene Cazenave Apartments, 25 Essex Street, southeast corner of Folsom and Essex Streets, and making environmental findings pursuant to the

California Environmental Quality Act; Transbay Redevelopment Project Area.  
(Resolution No. 10-2011)

- (c) Authorizing a Housing Opportunities for Persons With AIDS Loan Agreement with Community Housing Partnership, a California nonprofit public benefit corporation, in an amount not to exceed \$950,000, for the development of approximately 120 units of very low-income supportive rental housing, the Rene Cazenave Apartments, 25 Essex Street, southeast corner of Folsom and Essex Streets, and making environmental findings pursuant to the California Environmental Quality Act; Transbay Redevelopment Project Area.  
(Resolution No. 11-2011)

Presenter: Elizabeth Colomello, Development Specialist, Housing

Speaker(s): None

Commissioner Covington asked for clarification on Ms. Colomello's statement that there was an increase essentially from \$80,000 per unit to \$168,000 per unit.

Ms. Colomello indicated that there would be an increase only if the MHP funds do not become available in time for the project.

Commissioner Covington asked if there would be any way to recoup those funds since it is twice the anticipated cost.

Ms. Colomello stated the only way the funds would be recouped is if another funding source becomes available between now and when construction begins.

Commissioner Covington asked if they would be able to apply for other funding sources.

Ms. Colomello stated it would be unlikely that there would be other funding sources but there is a possibility that MHP would issue their NOFA later this year; one of the reasons they are asking for the conditional approval is because they do not necessarily think it is very likely, and they would like to be able to compete for the 9% tax credits in the first round of this year.

Commissioner Covington asked how many other projects in the pipeline might be affected and impacted by the lack of the MHP funds.

Ms. Oerth stated there is one project, 6600 Third Street that was anticipating to apply for the MHP funds.

Commissioner Covington asked for further information on UCSF being the service provider.

Ms. Colomello stated UCSF is part of the development team who provide intensive wraparound case management services which will be located at the site.

Ms. David Schnur, Director of Housing Development for Community Housing Partnership stated they chose to work with UCSF citywide and to propose the team to the Agency because they believe they have the widest background in providing the type of intensive case management services. They will have roughly 6-7 staff members on site ranging from peer counselors to employment specialists to intensive case managers, as well as services provided directly by DPH providing psychiatric care onsite.

Commissioner Covington asked if the services provided by DPH will be paying the salaries of the 6-7 staff.

Ms. Schnur stated DPH's services budget is completely separate from the development budget and is paid by DPH.

Commissioner Covington asked if there was a timeframe for how long DPH is guaranteeing the resources since she believes the Agency seems to be taking on more and more costs that were initially supported by DPH.

Ms. Colomello indicated it is part of the local operating subsidy program which provides the operating subsidy and services funding to go along with the projects; the City looks at it in nine year increments. Ms. Colomello stated it is included in their forward budget for nine years which goes through their annual budget process.

Commissioner Covington asked what their annual budget was.

Ms. Colomello believes their annual services budget is \$600,000 a year.

Commissioner Covington put forth a motion to move item 4(b) and (c).

Commissioner Anaya seconded Ms. Covington's motion.

Commissioner Anaya asked who else was considered to provide case management services and what the process was in selecting the provider.

Ms. Colomello stated a joint RFP was issued between the Agency and DPH; the Agency for development money and the site being provided, and DPH promising services and operating money. Teams were asked to come in with their services provider. There were two applicant teams, one is the team present, and the other was TNDC which were going to provide all services themselves and were not going to partner with a separate services provider; they were going to provide property management and services in-house. The selection panel consisted of Agency staff, DPH staff, and a member of the Transbay CAC, overseen by the Contract Compliance staff. The team selection was approved by the Commission via the Exclusive Negotiations Agreement August 2009, along with the predevelopment loan agreement.

Commissioner Anaya asked if there is a report to the Commission in terms of providing jobs in the community.

Ms. Colomello stated the development is subject to the Agency's policy and has been working with the Agency's Compliance division. Construction has not commenced and construction workforce is not available at this time.

Commissioner Anaya requested that the Commission be provided a report on the projections and jobs that will be created, and depending on the jobs, the workforce development that will be needed.

Commissioner Singh asked if Folsom Essex LLC has worked with the Agency before, and if it was common practice to change the name according to the location of the project.

Ms. Colomello stated Folsom Essex LLC is made up of BRIDGE and CHP which was formed for financing purposes in order to develop the project and get tax credit financing.

President Swig asked for clarification if the \$10M was budgeted and scheduled for this year, not an emergency allocation.

Mr. Blackwell stated it is not an emergency allocation but important to note that the action being taken does get the project to the finish line; by making the approval, the Commission is creating an obligation the State would have to recognize.

President Swig asked how was the \$10M put into the budget when there was the anticipation that it would be funded by the State.

Mr. Blackwell stated the budget is provided with what the work program will be and budgeted for the ability to cover the worst case scenario, which is the framework where there wouldn't be money in place. When they are able to bring in extra dollars it is helpful to the budget rather than it being the other situation where they don't get anticipated revenues and hurts the budget.

**ADOPTION:** IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER ANAYA, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 10-2011, AUTHORIZING AN AMENDED AND RESTATED TAX INCREMENT LOAN AGREEMENT WITH FOLSOM ESSEX LLC, A CALIFORNIA LIMITED LIABILITY CORPORATION, CONSISTING OF A PREVIOUSLY APPROVED LOAN IN THE AMOUNT OF \$3,181,995, NEW LOAN FUNDS IN THE AMOUNT OF \$5,576,646, AND NEW CONDITIONAL LOAN FUNDS IN THE AMOUNT OF \$10,550,000, ALL IN AN AGGREGATE AMOUNT NOT TO EXCEED \$19,308,641, FOR THE DEVELOPMENT OF APPROXIMATELY 120 UNITS OF VERY LOW-INCOME SUPPORTIVE RENTAL HOUSING, THE RENE CAZENAVE APARTMENTS, 25 ESSEX STREET, SOUTHEAST CORNER OF FOLSOM AND ESSEX STREETS, AND MAKING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; TRANSBAY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

**ADOPTION:** IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER ANAYA, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 11-2011, AUTHORIZING A HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS LOAN AGREEMENT WITH COMMUNITY HOUSING PARTNERSHIP, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED \$950,000, FOR THE DEVELOPMENT OF APPROXIMATELY 120 UNITS OF VERY LOW-INCOME SUPPORTIVE RENTAL HOUSING, THE RENE CAZENAVE APARTMENTS, 25 ESSEX STREET, SOUTHEAST CORNER OF FOLSOM AND ESSEX STREETS, AND MAKING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; TRANSBAY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- (d) Authorizing a personal services contract with Overland, Pacific & Cutler, Inc., a California corporation, to provide tenant relocation services and implement a relocation program for tenants requiring relocation at the Hunters Point Shipyard, for a term of one year, with two 1-year extension options to be exercised at the Executive Director's discretion, for a total aggregate amount not to exceed \$188,760; Hunters Point Shipyard Redevelopment Project Area. (Resolution No. 12-2011)

Presenter: Thor Kaslofsky, Agency Staff

Speakers: None

Commissioner Singh put forth a motion to move Item 4(d).

Commissioner Covington asked what comes under the heading of relocation benefits.

Mr. Kaslofsky indicated that some relocation benefits include moving costs, business interruption insurance and other such costs.

Commissioner Covington stated those costs were not represented in staffs request.

Mr. Kaslofsky stated until the full assessment is done, they will not know what the relocation benefits will be since they have not yet determined if those services will be part of this contract or if Lennar will provide those services directly since Lennar will be covering those costs.

Commissioner Covington stated under the Scope of Services: (1) Outreach, and (2) Development Relocation Plan, are covered under the monies that are being requested, but (3) Plan Implementation indicates "budget to be determined". Ms. Covington asked if staff will be returning to the Commission for those funds since there is only \$24,000 remaining.

Mr. Kaslofsky stated staff will be returning to the Commission requesting for a contract amendment once they have that information.

Commissioner Covington asked when they anticipate returning to the Commission for the amendment.

Mr. Lawson stated the timing is contingent upon the implementation of the Phase 2 project. When Lennar begins developing Parcel B on the Hunters

Point Shipyard, that is when they initiate the process for doing the actual work on relocation. The reason that budget line item is undefined is they because they will not know how many tenants will choose to be relocated. If the artists choose to stay on the Shipyard the cost is much lower and generally higher if they go off the Shipyard, it will be up to the artist. Mr. Lawson indicated the Agency and OPC would provide services to help facilitate their understanding of what was available to them off the Shipyard.

Commissioner Covington asked how many artists are at the Shipyard.

Mr. Lawson stated the significant portion of the artists are retained in Building 101 on the Shipyard, the remainder of those artists could be as many as 220 who would be subject to the relocation obligations. It is not clear at this time because there are sub-tenants in those spaces who also have rights to relocation services. Mr. Lawson stated there are around 150 studios on Parcel B and in addition, some of those artists sublet to other artists who also have rights to relocation services.

Commissioner Covington asked where they are being relocated to.

Mr. Lawson stated they would be relocated to a new building being constructed adjacent to Building 101.

Commissioner Covington asked if the new building would have enough space to house the artists that will be relocated or will there be room for new artists.

Mr. Lawson stated there will be a little extra room for new artists and a possibility that the artists, in reorganizing, may ask for smaller spaces to allow other artists within the building which would increase the total amount of artists, not decrease.

Commissioner Covington stated this is a continuation of the grandfathering of those people who have been at the space for quite some time and asked where the new artists will find space.

Mr. Lawson stated there will be an opportunity for new artists in the new building as well as in Building 813 which is adjacent to Building 101; the Redevelopment Plan allows for the construction of new art studios at market rates with the distinction that the Phase 2 DDA requires that artists' studios are provided at affordable rates.

Commissioner Covington put forth a motion to move Item 4(d).



Commissioner Anaya asked if they had any idea of the minimum or maximum for the budget as far as relocation benefits.

Mr. Wakefield stated the artists are deemed as commercial displacees, which, in the basic benefits package for commercial business can claim the actual reasonable cost of a relocation that includes the cost of moving, the physical cost of hiring movers if they need to relocate to a replacement space, and a cap of up to \$10,000 for re-establishment which covers printed materials, permits for the new space, utility connections, and such. The artists can claim a \$20,000 in-lieu payment which means they've committed to doing a soft move that would encompass their entire relocation benefit. Mr. Wakefield stated it is hard to pinpoint what the maximum benefit could be since they haven't sat down with any of the artists to get an idea of what their operation is and how complex it is to potentially move them.

Commissioner Anaya asked Mr. Wakefield why, from his experience, with the minimum amount varying from \$10,000 - \$20,000, does he not know what the maximum amount would be.

Mr. Wakefield stated the minimums with displacements such as these are around \$20,000 with maximums possibly being quite large. He does not believe it fair at this time to try to indicate what the maximum benefit could be.

President Swig asked if this was a reimbursable to the developer.

Mr. Kaslofsky stated they are costs accounted for in the Phase 2 DDA, and the community benefits in Phase 2 call for the replacement space which would be over and above the maximum costs for moving; the costs are all 100% covered by the developer.

**ADOPTION:** IT WAS MOVED BY COMMISSIONER SINGH, SECONDED BY COMMISSIONER COVINGTON, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 12-2011, AUTHORIZING A PERSONAL SERVICES CONTRACT WITH OVERLAND, PACIFIC & CUTLER, INC., A CALIFORNIA CORPORATION, TO PROVIDE TENANT RELOCATION SERVICES AND IMPLEMENT A RELOCATION PROGRAM FOR TENANTS REQUIRING RELOCATION AT THE HUNTERS POINT SHIPYARD, FOR A TERM OF ONE YEAR, WITH TWO 1-YEAR EXTENSION OPTIONS TO BE EXERCISED AT THE EXECUTIVE DIRECTOR'S DISCRETION, FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$188,760; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA, BE ADOPTED.

5. **MATTERS NOT APPEARING ON THE AGENDA:** None
6. **PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS.**

Shamann Walton, Tessie Ester, Leotis Martin, Oscar James

7. **REPORT OF THE PRESIDENT:** None
8. **REPORT OF THE EXECUTIVE DIRECTOR:**

**(a)** Update on Governor's Proposal to Dissolve Redevelopment Agencies

Mr. Blackwell stated the Governor's proposal has still not been turned into enacting legislation and we have not yet seen language that legislators will consider in order to implement the Governor's proposal. Since the last meeting there have been quite a few meetings; one which was a hearing last week at the State Assembly Budget Committee, another hearing held at the Senate Budget Committee, and a third informational hearing for the Governance and Oversight Committee which had presentations from the Governor's staff, from John Shirey, Executive Director of the California Redevelopment Association, and a report prior to that hearing on the specifics on how Redevelopment Agency's and Tax Increment Financing works, and a set of questions the Legislators should consider in looking at the Governor's proposal. Mr. Blackwell indicated that a meeting was being held this date at the Transportation and Housing Sub-Committee that Deputy Executive Director Olson Lee testifying since it focuses on housing. Mr. Lee will be testifying about the Agency's work on affordable housing both from a policy perspective and a practical project oriented perspective. Mr. Lee will be highlighting what the Agency does from a policy point of view in terms of the Agency's commitment to affordable housing since it is being held up as one of the models of how tax increment can support the production of affordable housing. Mr. Blackwell stated there is a flurry of work being conducted by the Big Ten City Mayor's, both at the staff level and at the Mayoral level. What is being considered are alternative strategies; (1) a set of strategies that gets money to the State immediately to help fix its financial problem which is a \$25B deficit; (2) discussion on how more money can be directed to the schools on a long term basis through the pass throughs that Agency's do to local taxing

entities; (3) programmatically oriented reforms to strengthen how tax increment is used throughout the State which would fall into two categories – (i) how the money that is set aside for affordable housing can be used more effectively and efficiently; (ii) how Redevelopment Agencies can work more effectively towards implementation of some of the State’s initiatives, such as SB375 which is the reduction of greenhouse gas emissions and promoting transit oriented infill development as opposed to infrastructure expansion within the State. Mr. Blackwell stated the Big Ten City Mayor’s will be looking at an alternative proposal that may be offered, and expects a lot of discussion across jurisdictions on the alternative proposal since he believes it will be difficult to find a solution amongst ten cities, much less the 400 Agencies throughout the State. Mr. Blackwell stated the financial element will be a little easier than the programmatic reforms since everyone uses tax increment in widely different ways, and that it is difficult to build consensus on one set of programmatic reform. Mr. Blackwell expressed his appreciation of Agency staff who has been working very hard on creative solutions and alternatives and reform proposals.

President Swig stated they always feel proud of Agency staff.

**9. COMMISSIONERS' QUESTIONS AND MATTERS:**

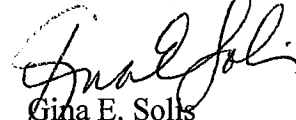
- Commissioner Covington stated there was a ground breaking for the Mary Helen Rogers Senior Campus, and would like, for the benefit of the radio listening audience asked Director Blackwell for more information on the project and how people can apply for entrance.
  - Director Blackwell stated the Mary Helen Rogers development, expected to open in two years, is located at the corner of Franklin and Golden Gate which will be an L-shaped development containing 100 affordable senior housing units, a partnership with the Chinatown Development Corporation and EM Johnson. Outreach will be conducted through KPOO and the ethnic press, as well as mail notification to all Certificate of Preference holders. Director Blackwell asked those interested to contact the Chinatown Community Development Corp.

**10. CLOSED SESSION: None.**

**11. ADJOURNMENT:**

It was moved by Commissioner Covington, seconded by Commissioner King, and unanimously carried that the meeting be adjourned at 5:16 p.m.

Respectfully submitted,



Gina E. Solls  
Agency Secretary

**ADOPTION**