Resolution finding the proposed development of the Balboa Reservoir Site, an approximately 17-acre site located in the Balboa Park area, fiscally feasible under Administrative Code, Chapter 29.

WHEREAS, The San Francisco Public Utilities Commission (the "SFPUC" or "SFPUC Commission") has jurisdiction over the western half of the Balboa Reservoir, an approximately 17-acre property generally bounded by Riordan High School to the north, the Westwood Park neighborhood to the west, the Avalon Ocean Avenue apartments to the south, and City College of San Francisco's Ocean Campus, including the eastern half of the Balboa Reservoir, to the east (the "Site"); and

WHEREAS, In 2014, Mayor Ed Lee announced the Public Lands for Housing program and identified development of the Site as a critical opportunity to utilize public land to help address the City's housing crisis; and

WHEREAS, In April, 2015, the Board of Supervisors established the Balboa Reservoir Community Advisory Committee ("BRCAC") to formalize the community input process for the Site; and

WHEREAS, The BRCAC has advised the City on a detailed set of Development Principles & Parameters, which served as guiding principles for the selection of a developer partner to finance and construct a residential development at the Site; and

WHEREAS, In November 2015, the voters of San Francisco approved Proposition K, a measure authorizing certain housing developments on surplus public land, with 33% of the housing in each such development to be made permanently affordable to low and moderate-income households; and
WHEREAS, In November 2016, following nearly two years of community outreach, the SFPUC initiated a developer selection process by issuing a request for qualifications ("RFQ") to solicit developers interested in acquiring the Balboa Reservoir site to build mixed income housing and develop open space; and

WHEREAS, A RFQ evaluation panel comprised of City staff, a BRCAC community representative, and a City College representative evaluated the RFQ responses and recommended three top-scoring teams in March 2017; the three top-scoring teams were subsequently invited to respond to a request for proposals ("RFP") in June of 2017; and

WHEREAS, The City invited community members to attend, view and comment on the three developer proposals at a public workshop at the City College Phelan Avenue campus, a meeting of the BRCAC, and through the SFPUC website; and

WHEREAS, An RFP Panel comprised of City staff, a BRCAC community representative, and a City College representative selected a joint venture between AvalonBay Communities and BRIDGE Housing Corporation, working with Mission Housing Development Corporation, Pacific Union Development Company, and Habitat for Humanity of Greater San Francisco, as the development team for the Site, and recommended its selection to the SFPUC General Manager in August 2017; and

WHEREAS, On November 14, 2017, by Resolution No. 17-0225, the SFPUC Commission authorized the SFPUC’s General Manager to execute an Exclusive Negotiating Agreement (the “ENA”) between the SFPUC and Reservoir Community Partners, LLC, a Delaware limited liability company (the “Developer”), a joint venture of AvalonBay Communities and Bridge Housing Corporation, for a proposed housing development project at the Site (the “Project”), and Developer and the SFPUC have now executed the ENA; and
WHEREAS, The Developer is conducting comprehensive community outreach, including engagement with the BRCAC, City College of San Francisco, and local neighborhood groups, to receive public feedback as refines its Project proposal; and

WHEREAS, The Developer has demonstrated its commitment to the Project by expending personnel and funding resources and engaging architectural, economic, legal, and other consultants to conduct due diligence on site conditions, infrastructure requirements, real estate market conditions and other key factors that will guide the refinement of the proposed concept plan; and

WHEREAS, The proposed Project would provide significant public benefits to the City and SFPUC including approximately 550 units of permanently affordable housing for low, moderate, and middle income households; approximately 4 acres of publicly accessible open space; new infrastructure that will provide access and utilities to the Project; additional community-serving amenities including a childcare center and community room; new construction and permanent jobs, including a robust commitment to local hiring; and revenue to the SFPUC; and

WHEREAS, The City and the Developer have outlined the proposed development program, land use plan and a summary of general terms for future negotiations regarding development of the Site and the final Project approval documents (the “Development Overview”); and

WHEREAS, The Development Overview reflects the parties’ current understanding of the Project and is consistent with the Project as proposed by the Developer and shared publicly during the RFP process; it will be refined through the environmental review process and by future City and community feedback; and

WHEREAS, The City commissioned a third-party consultant to produce a fiscal feasibility analysis (the “Fiscal Analysis”) to provide the Board of Supervisors with information
for its consideration in evaluating the fiscal feasibility of the Project in accordance with San Francisco Administrative Code, Chapter 29; and

WHEREAS, The Development Overview is intended to provide the Board of Supervisors with a general description of the Project; the Development Overview is not itself a binding agreement that commits the City, including the SFPUC, or the Developer to proceed with the approval or implementation of the Project; rather, the Project will first undergo environmental review under San Francisco Administrative Code, Chapter 31 and the California Environmental Quality Act ("CEQA") and will be subject to public review in accordance with the processes of the City and other government agencies with approval rights over the Project before any binding agreements, entitlements or other regulatory approvals required for the Project will be considered; and

WHEREAS, The construction cost of the Project will exceed $25 million and more than $1 million in public funds may be used for predevelopment, planning, or construction of the Project, thus triggering review by the Board of Supervisors to determine the fiscal feasibility of the Project under Administrative Code, Section 29.1; and

WHEREAS, In accordance with Administrative Code, Section 29.3, SFPUC and Developer have submitted to the Board of Supervisors the Fiscal Analysis, which describes the Project's fiscal plan, along with the Development Overview, which provides a general description of the Project and the general purpose of the Project, copies of which are file with the Clerk of the Board of Supervisors in File No. 180163; and

WHEREAS, Pursuant to Administrative Code, Section 29.2, prior to submittal to the Planning Department of an environmental evaluation application ("Environmental Application") required under San Francisco Administrative Code, Chapter 31 and CEQA related to the Project, it is necessary for the SFPUC to procure from the Board of Supervisors a
determination that the plan to undertake and implement the Project is fiscally feasible and
responsible; and

WHEREAS, The Board of Supervisors has reviewed and considered the materials
submitted as required by Administrative Code Section 29.3; now, therefore, be it
RESOLVED, That the Board of Supervisors finds that the plan to undertake and
implement the Project is fiscally feasible and responsible as set forth in San Francisco
Administrative Code, Chapter 29 ("Fiscal Feasibility Finding"); and, be it
FURTHER RESOLVED, That in making the Fiscal Feasibility Finding, the Board of
Supervisors has reviewed and considered the general description of the Project, the general
purpose of the Project, the fiscal plan and other information submitted to it, and has
considered the direct and indirect financial benefits of the Project to the City of San Francisco,
the cost of construction, the available funding for the Project, the long-term operating and
maintenance costs of the Project, and the public debt for the Project; and, be it
FURTHER RESOLVED, That pursuant to San Francisco Administrative Code,
Chapter 29, the Environmental Application may now be filed with the Planning Department
and the Planning Department may now undertake environmental review of the Project as
required by San Francisco Administrative Code, Chapter 31 and CEQA; and, be it
FURTHER RESOLVED, That Board of Supervisors’ Fiscal Feasibility Finding does not
commit the Board of Supervisors, the SFPUC or any other public agency with jurisdiction over
any part of the Project to approve the terms of any transactions or grant any entitlements to
Developer, nor does either the filing of the Development Overview or the Fiscal Feasibility
Finding foreclose the possibility of considering alternatives to the Project or mitigation
measures to reduce or avoid significant environmental impacts or preclude the City, after
conducting appropriate environmental review under CEQA, from deciding not to grant
entitlements or approve or implement the Project, and while the Development Overview
identifies certain essential terms of a proposed transaction with the City through the SFPUC, it
does not set forth all of the final, material terms and conditions of the transaction documents
for the Project; and, be it

FURTHER RESOLVED, That the Board of Supervisors will not take any discretionary
actions committing the City to implement the Project, and the provisions of the Development
Overview are not intended to and will not become contractually binding on the City, unless
and until: (1) the Planning Commission has reviewed and considered environmental
documentation prepared in compliance with San Francisco Administrative Code, Chapter 31
and CEQA for the Project and has determined that the environmental documentation complies
with San Francisco Administrative Code, Chapter 31 and CEQA; (2) the SFPUC Commission
has adopted appropriate CEQA findings in compliance with CEQA and has approved the
terms of the final transaction documents for the Project; and (3) the Board of Supervisors has
adopted appropriate CEQA findings in compliance with CEQA and approved a development
agreement and the terms of the final purchase and sale agreement and any other property
transfers for the Project.
Resolution finding the proposed development of the Balboa Reservoir Site, an approximately 17-acre site located in the Balboa Park area, fiscally feasible under Administrative Code, Chapter 29.

March 15, 2018 Budget and Finance Sub-Committee - RECOMMENDED

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April 03, 2018 Board of Supervisors - ADOPTED
Ayes: 11 - Breed, Cohen, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Stefani, Tang and Yee

I hereby certify that the foregoing Resolution was ADOPTED on 4/3/2018 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mark E. Farrell
Mayor

Date Approved