

MINUTE ITEM
This Calendar Item No. C-12
was approved as Minute Item
No. 12 by the State Lands
Commission by a vote of 3
to 0 at its 12/17/92
meeting.

CALENDAR ITEM

C12

A 16
S 3, 8

12/17/92
G 11-00
G 11-01
Stevenson
D. Jones

APPROVE NONDISTURBANCE AND ATTORNMENT AGREEMENTS
AND AMENDED SUBLEASES CONCERNING THE USE OF GRANTED LANDS
IN CONJUNCTION WITH THE RINCON POINT-SOUTH BEACH REDEVELOPMENT
PLAN PURSUANT TO CHAPTER 310, STATUTES OF 1987

PARTIES:

San Francisco Port Commission
Ferry Building
San Francisco, California 94111

San Francisco Redevelopment Agency
770 Golden Gate Avenue
San Francisco, California 94102

Site K, Inc., a nonprofit affiliate of
Bridge Housing Corporation
82 - 2nd Street
San Francisco, California 94105

South Beach Family Associates
82 Second Street, Suite 200
San Francisco, California 94105

BACKGROUND

In 1981, the City and County of San Francisco approved the Rincon Point-South Beach Redevelopment Project which is being undertaken by the San Francisco Redevelopment Agency. Certain of the lands included within the project area consist of filled and reclaimed tidelands and submerged lands ("tidelands") owned by the State in its sovereign capacity, and administered by the San Francisco Port Commission ("Port"), pursuant to the Burton Act (Statutes of 1968, Chapter 1333, as amended), subject to the terms of that act and the public trust. These granted sovereign lands are commonly

(ADDED pgs. 69 - 69.4)

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referred to as Seawall Lots 331, 332, and 333. The redevelopment project contemplated use of those seawall lots for residential and general commercial purposes, each of which are uses inconsistent with the public trust conditions under which the Port holds the granted tidelands. By Chapter 310, Statutes of 1987, the Legislature expressly released Seawall Lots 331, 332, and 333 from the use restrictions of the public trust, to allow implementation of the redevelopment project, subject to the following:

- (a) Revenues derived from the property would be deposited in a trust fund created pursuant to the Burton Act and used solely for purposes authorized by that act;
- (b) Leases of the subject property may not extend beyond September 26, 2050, in accordance with the Burton Act, and;
- (c) Leases of the subject property between the Port and the Redevelopment Agency, the Redevelopment Agency and any other entity, or the Port and any other entity, are subject to the approval of the State Lands Commission, in order to ensure that the consideration received is consistent with prudent land management practices.

The Port has entered into a lease agreement with the Redevelopment Agency for use of a portion of Seawall Lot 333 for lower income and low income rental housing (Ground Lease). The Redevelopment Agency, in turn, subleased the site to Site K, Inc., which is a non-profit affiliate of Bridge Housing Corporation (Agency Sublease). Site K, Inc. then subleased the site to South Beach Family Associates (SBFA), which owns and operates the Steamboat Point apartments located on the site (Site K, Inc. Sublease). In July 1991, the State Lands Commission approved the Ground Lease between the Port and the Redevelopment Agency dated May 9, 1991 and the Agency Sublease between the Redevelopment Agency and Site K, Inc. pursuant to Chapter 310, Statutes of 1987. It has not approved the original Site K, Inc. sublease which involves SBFA.

In order to provide equity financing in exchange for low-income tax credits, Bridge Housing has brought in a corporate investor as a limited partner, Mission Housing Investment. This limited

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partnership requires changes to the various subleases and execution of Nondisturbance and Attornment agreements to protect its leasehold interest in the property. Staff has reviewed the documents and has found that, to the extent provisions within the documents involve consideration to the Port, they are within the range of reasonable business judgments available, and thus in conformance with prudent land management practices as set forth in Chapter 310. These documents, which are the subject of this calendar item and hence before the Commission for approval, are specifically listed below:

1. First Amendment to Development Sublease between the Redevelopment Agency and Site K, Inc. (Agency Sublease)
2. Original Sublease between Site K, Inc. and SBFA dated July 1, 1991. (Site K, Inc. Sublease)
3. First Amended and Restated Sublease between Site K, Inc. and SBFA (Site K, Inc. Sublease).
4. Nondisturbance and Attornment Agreement between the Redevelopment Agency and SBFA.
5. Nondisturbance and Attornment Agreement between the Port, Site K, Inc., and SBFA.

AB 884:
N/A

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

EXHIBIT:

- A. Location Map

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IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.

2. FIND, PURSUANT TO STATUTES OF 1987, CHAPTER 310, SECTION 2, THAT, TO THE EXTENT PROVISIONS WITHIN THE FOLLOWING DOCUMENTS INVOLVE CONSIDERATION TO THE PORT, THEY ARE WITHIN THE RANGE OF REASONABLE BUSINESS JUDGMENTS AVAILABLE, AND THUS IN CONFORMANCE WITH PRUDENT LAND MANAGEMENT PRACTICES AS SET FORTH IN CHAPTER 310, STATUTES OF 1987. 1) THE FIRST AMENDMENT TO DEVELOPMENT SUBLEASE BETWEEN THE REDEVELOPMENT AGENCY AND SITE K, INC. (AGENCY SUBLEASE); 2) THE ORIGINAL SUBLEASE BETWEEN SITE K, INC. AND SOUTH BEACH FAMILY ASSOCIATES DATED JULY 1, 1991 (SITE K, INC. SUBLEASE); 3) THE FIRST AMENDED AND RESTATED SUBLEASE BETWEEN SITE K, INC. AND SOUTH BEACH FAMILY ASSOCIATES (AMENDED SITE K. INC. SUBLEASE); 4) THE NONDISTURBANCE AND ATTORNMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY AND SOUTH BEACH FAMILY ASSOCIATES; AND 5) THE NONDISTURBANCE AND ATTORNMENT AGREEMENT BETWEEN THE PORT, SITE K, INC., AND SOUTH BEACH FAMILY ASSOCIATES, COPIES OF WHICH ARE ON FILE AT THE OFFICES OF THE STATE LANDS COMMISSION.

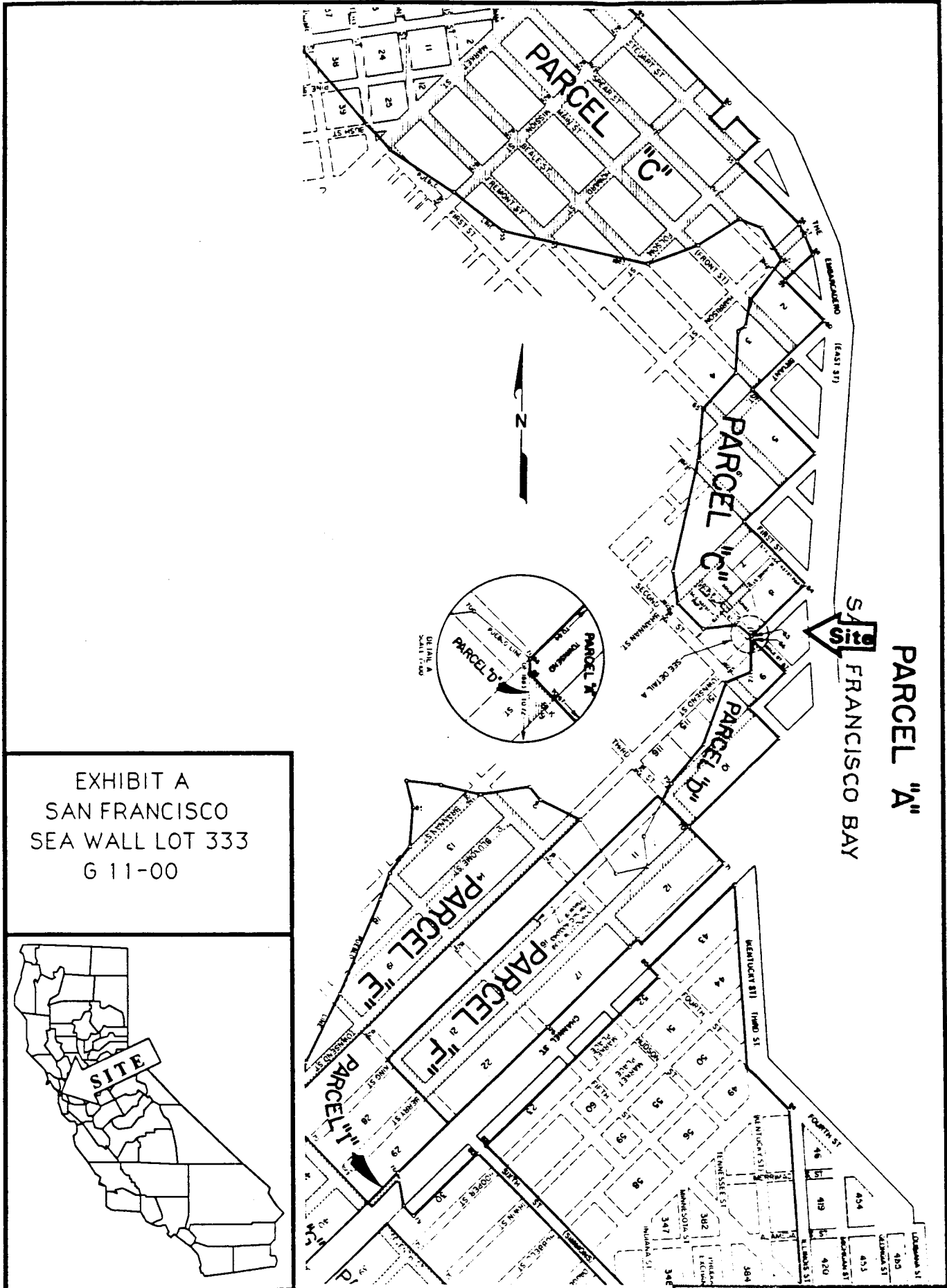


EXHIBIT A
 SAN FRANCISCO
 SEA WALL LOT 333
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