

1 [Real Property Agreements - Eddy & Taylor Associates, L.P. - 210 Taylor Street - Purchase
2 and Sale of Real Estate and Ground Lease - \$10,600,000 Purchase Price and \$15,000
3 Annual Base Rent]

4 **Resolution approving and authorizing the execution and performance of an Agreement**
5 **of Purchase and Sale of Real Estate in connection with the acquisition of a parcel**
6 **located at 210 Taylor Street (Assessor’s Parcel Block No. 0331, Lot No.028) (“the**
7 **Property”), for \$10,600,000 authorizing a long term, 87 years, with a 12 year extension**
8 **option Ground Lease of the Property for \$15,000 annual base rent with Eddy & Taylor**
9 **Associates, L.P., to construct a 100% affordable, 113-unit multifamily rental housing**
10 **development for low-income households and formally homeless families and a**
11 **commercial shell for a 5,677 square foot commercial space; adopting findings that the**
12 **conveyance and lease are consistent with the California Environmental Quality Act, the**
13 **General Plan, and the priority policies of Planning Code, Section 101.1; and authorizing**
14 **and directing the Director of Property and Director of the Mayor’s Office of Housing**
15 **and Community Development to execute documents, make certain modifications, and**
16 **take certain actions in furtherance of this Resolution.**

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18 WHEREAS, In 2006, the Mayor’s Office of Housing, now the Mayor’s Office of Housing
19 and Community Development (“MOHCD”), issued a Notice of Funding Availability (“NOFA”) to
20 provide financing assistance for the development of low income affordable rental family
21 housing; and

22 WHEREAS, Tenderloin Neighborhood Development Corporation (“TNDC”), a California
23 nonprofit public benefit corporation, submitted an application in response to the NOFA and
24 was selected to be the developer for an apartment building for low income families, including
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1 homeless families to be located at 210 Taylor Street (Assessor’s Block 0331, Lot 028) (the
2 “Property”); and

3 WHEREAS, TNDC established Eddy & Taylor Associates, L.P., a California
4 limited partnership (“Seller/Lessee”), as a separate entity under which to develop the
5 Project; and

6 WHEREAS, Seller/Lessee acquired the property in 2007 for \$9,300,000, using a
7 \$6,000,000 from the Bank of America (the “Bank of America Loan”) for the purchase of land
8 and predevelopment expenses, and a \$5,950,108 acquisition loan from MOHCD (the
9 “MOHCD Acquisition Loan”); and

10 WHEREAS, Seller/Lessee re-financed the Bank of America Loan in 2011 with a loan
11 from the Low Income Investment Fund in the amount of \$7,055,000 (the “LIIF loan”); and

12 WHEREAS, MOHCD desires to acquire the Property from Seller/Lessee
13 pursuant to an Agreement for Purchase and Sale of Real Estate (“PSA”), in
14 substantially the form on file with the Clerk of the Board of Supervisors in File No.
15 _____, and incorporated herein by reference; and

16 WHEREAS, In consideration of the Seller/Lessee’s agreement to convey the
17 Property to MOHCD, MOHCD shall provide Seller a credit of \$7,250,108 (representing
18 the amount of the outstanding balance, \$5,950,108, of the MOHCD Acquisition Loan
19 plus, \$1,300,000, representing a portion of the accrued and unpaid interest on the
20 MOHCD Acquisition Loan) and shall also pay \$3,349,892 in cash (representing the
21 value of the land financed by the LIIF loan) for a total value of \$10,600,000 and
22 reconvey the related Deed of Trust, subject to the conditions described in the PSA; and

23 WHEREAS, MOHCD is also providing the Seller/Lessee with new financial assistance
24 to leverage equity from an allocation of low-income housing tax credits and other funding
25 sources in order for Seller/Lessee to construct a 100% affordable, 113-unit multifamily rental

1 housing development for low-income households and formally homeless families and a
2 commercial shell for a 5,677 square foot commercial space on the Property (the “Project”);
3 and

4 WHEREAS, There are two current tenants on the site, a billboard and a parking lot
5 operator, who will receive relocation benefits in accordance with the Federal Uniform
6 Relocation Action and the California Relocation Assistance Act funded by the Project and
7 approved by MOHCD; and

8 WHEREAS, Seller/Lessee has obtained all entitlements and is ready to begin
9 construction of the Project; and

10 WHEREAS, An appraisal dated September 23, 2016 valued the Property at
11 \$10,600,000 with entitlements; and

12 WHEREAS, MOHCD and the Director of Property have approved the form of the
13 Ground Lease between MOHCD and the Seller/Lessee, pursuant to which MOHCD will lease
14 the Property to the Seller/Lessee for a Base Rent of Fifteen Thousand Dollars (\$15,000.00)
15 per year, in exchange for the Seller/Lessee’s agreement, among other things, to operate the
16 Project with rent levels affordable to households up to 50% San Francisco Area Median
17 Income (AMI). A copy of the Ground Lease in substantially the form approved is on file with
18 the Clerk of the Board of Supervisors in File No. _____, and is incorporated herein by
19 reference; and,

20 WHEREAS, The Ground Lease provides, among other conditions, for a term of 87
21 years and one 12 year option to extend; and,

22 WHEREAS, The Planning Department found that the PSA and Ground Lease
23 are consistent with CEQA and Categorically Exempt from Environmental Review as a
24 Categorical Exemption Class 1 as defined by CEQA for the reasons set forth in the
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1 February 22, 2017 letter from the Department of City Planning, which is on file with the
2 Clerk of the Board in File No. _____, and incorporated herein by reference;
3 and

4 WHEREAS, The Planning Department found that the PSA and Ground Lease is
5 consistent with the City's General Plan and with the Eight Priority Policies under
6 Planning Code Section 101.1 for the reasons set forth in the letter of the Department of
7 City Planning dated February 22, 2017, which is on file with the Clerk of the Board in
8 File No. _____; now, therefore, be it

9 RESOLVED, That the Board of Supervisors hereby finds that the PSA and
10 Ground Lease are consistent with the City's General Plan and with the Eight Priority
11 Policies under Planning Code Section 101.1 for the same reasons set forth in the letter
12 of the Department of City Planning dated February 22, 2017, and hereby incorporates
13 such findings by reference as though fully set forth in this Resolution; and, be it

14 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the
15 PSA and Ground Lease are consistent with CEQA and received a Notice of Award of
16 Mitigated Negative Declaration as defined by CEQA for the reasons set forth in the
17 December 15, 2026 letter from the Department of City Planning, which is on file with
18 the Clerk of the Board in File No. _____; and, be it

19 FURTHER RESOLVED, That in accordance with the recommendations of the
20 Director of Property and the Director of MOHCD, the Board of Supervisors hereby
21 approves the PSA and Ground Lease, and authorizes the Director of Property (or his
22 designee) and the Director of MOHCD (or his designee) to execute and deliver the
23 PSA and Ground Lease and any such other documents that are necessary or
24 advisable to complete the transaction contemplated by the PSA and Ground Lease,
25 and to effectuate the purpose and intent of this Resolution; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director
2 of Property (or his designee) and the Director of MOHCD (or his designee), in
3 consultation with the City Attorney, to enter into any additions, amendments or other
4 modifications to the PSA and the Ground Lease (including in each instance, without
5 limitation, the attachment of exhibits), that the Director of Property and the Director of
6 MOHCD determine are in the best interests of the City, do not materially decrease the
7 benefits to the City with respect to the Property, or otherwise materially increase the
8 obligations or liabilities of the City, and are necessary or advisable to complete the
9 transaction contemplated herein, effectuate the purpose and intent of this Resolution,
10 and are in compliance with all applicable laws, including the City's Charter; and be it

11 FURTHER RESOLVED, That documents that include amendments from what
12 was previously submitted to the Board shall be provided to the Clerk of the Board, as
13 signed by the parties, together with a marked copy to show any changes, within 30
14 days of execution for inclusion in the official file; and, be it

15 FURTHER RESOLVED, That all actions taken by any City employee or official
16 with respect to the exercise of the PSA and the Ground lease authorized and directed
17 by this Resolution and heretofore taken are hereby ratified, approved and confirmed by
18 this Board of Supervisors.

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RECOMMENDED:

John Updike, Director of Property

Olson Lee, Director, Mayor's Office of Housing and Community Development