

1 [Ground Lease - 490 South Van Ness Avenue - 490 SVN Housing Associates, LP - \$15,000
2 Annual Base Rent]

3 **Resolution approving and authorizing a long term Ground Lease with 490 SVN Housing**
4 **Associates, LP, on City owned land at 490 South Van Ness Avenue (“Property”) for a**
5 **term of 75 years, to commence following Board approval, with one 24-year extension**
6 **option, and with an annual based rent of \$15,000 in order to construct a 100%**
7 **affordable, 80-unit multifamily rental housing development (plus one manager unit) for**
8 **low-income persons (“Project”); adopting findings that the Ground Lease is consistent**
9 **with the California Environmental Quality Act, the General Plan, and the priority**
10 **policies of Planning Code, Section 101.1; and authorizing the Acting Director of**
11 **Property and Director of Mayor’s Office of Housing and Community Development to**
12 **execute documents, make certain modifications, and take certain actions in**
13 **furtherance of this Resolution, as defined herein.**

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15 WHEREAS, In 2015, the Board of Supervisors approved the acquisition (Resolution
16 No. 298-15) of the Property from Benicia Lake LLC and Maurice Casey (“Seller”), who owned
17 Lot 008, in Block 3553 located at 490 South Van Ness Avenue of the County of San
18 Francisco, containing 14,250 square feet of lot area; and

19 WHEREAS, In 2015, the Mayor’s Office of Housing and Community Development
20 (“MOHCD”), issued a Request for Proposal (“RFP”), seeking submittals from qualified
21 respondents to develop the Property as affordable rental housing; and

22 WHEREAS, Mission Housing Development Corporation (“MHDC”), a California
23 nonprofit public benefit corporation, in collaboration with Bridge Housing (“Bridge”) a
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1 California nonprofit public benefit corporation, jointly responded to the RFP and was selected
2 to be the developer for the Property; and

3 WHEREAS, MHDC and Bridge established 490 SVN Housing Associates, L.P.,
4 a California limited partnership (“Lessee”), as a separate entity under which to develop
5 the Project; and

6 WHEREAS, MOHCD is also providing the Lessee with new financial assistance to
7 leverage equity from an allocation of low-income housing tax credits and other funding
8 sources in order for Lessee to construct a 100% affordable, 80-unit multifamily rental housing
9 development for low-income persons (plus one manager’s unit) on the Property; and

10 WHEREAS, Lessee has obtained all entitlements and is ready to begin construction of
11 the Project; and

12 WHEREAS, An appraisal dated June 30, 2015, valued the Property at \$18.5
13 million with entitlements; and

14 WHEREAS, MOHCD and the Acting Director of Property have approved the form of the
15 Ground Lease between MOHCD and the Lessee, pursuant to which MOHCD will lease the
16 Property to the Lessee for a Base Rent of Fifteen Thousand Dollars (\$15,000.00) per year, in
17 exchange for the Lessee’s agreement, among other things, to construct and operate the
18 Project with rent levels affordable to households up to 60% of unadjusted San Francisco Area
19 Median Income (AMI); a copy of the Ground Lease in substantially the form approved is on file
20 with the Clerk of the Board of Supervisors in File No. 180688, and is incorporated herein by
21 reference; and,

22 WHEREAS, The Ground Lease provides, among other conditions, for a term of 75
23 years and one 24 year option to extend; and,
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1 WHEREAS, The Project was reviewed under the Eastern Neighborhoods Area Plan
2 EIR certified by the San Francisco Planning Commission on June 7, 2008, by Motion No.
3 17661, and on June 24, 2014, the Project was determined to be consistent with the Eastern
4 Neighborhoods Area Plan EIR and exempt from environmental review per California
5 Environmental Quality Act Guidelines, Section 15183 (Planning Case No. 2010.0043E); and,

6 WHEREAS, By letter dated June 30, 2015, the Department of City Planning found the
7 Project to be categorically exempt from environmental review, and by letter dated June 30,
8 2015, the Department of City Planning also found that Ground Lease is consistent with the
9 City's General Plan and with the Eight Priority Policies under Planning Code, Section 101.1
10 for the reasons set forth in the letter of the Department of City Planning, which is on file with
11 the Clerk of the Board in File No. 2016-015994GPR; now, therefore, be it

12 RESOLVED, That the Board of Supervisors hereby adopts the findings
13 contained in the document dated June 30, 2015, from the Department of City Planning
14 regarding the California Environmental Quality Act, and hereby incorporates such
15 findings by reference as though fully set forth in this Resolution; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the
17 Ground Lease is consistent with the City's General Plan and with the Eight Priority
18 Policies under Planning Code Section 101.1 for the same reasons set forth in the letter
19 of the Department of City Planning dated June 30, 2015, and hereby incorporates such
20 findings by reference as though fully set forth in this Resolution; and, be it

21 FURTHER RESOLVED, That in accordance with the recommendations of the
22 Acting Director of Property and the Director of MOHCD, the Board of Supervisors
23 hereby approves the Ground Lease, and authorizes the Acting Director of Property (or
24 designee) and the Director of MOHCD (or designee) to execute and deliver the Ground
25 Lease and any such other documents that are necessary or advisable to complete the

1 transaction contemplated by the Ground Lease, and to effectuate the purpose and
2 intent of this Resolution; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors authorizes the Acting
4 Director of Property (or designee) and the Director of MOHCD (or designee), in
5 consultation with the City Attorney, to enter into any additions, amendments or other
6 modifications to the Ground Lease (including in each instance, without limitation, the
7 attachment of exhibits), that the Acting Director of Property and the Director of MOHCD
8 determine are in the best interests of the City, do not materially decrease the benefits
9 to the City with respect to the Property, or otherwise materially increase the obligations
10 or liabilities of the City, and are necessary or advisable to complete the transaction
11 contemplated herein, effectuate the purpose and intent of this Resolution, and are in
12 compliance with all applicable laws, including the City's Charter, provided that
13 documents that include amendments from what was previously submitted to the Board
14 shall be provided to the Clerk of the Board, as signed by the parties, together with a
15 marked copy to show any changes, within 30 days of execution for inclusion in the
16 official file; and, be it

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

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RECOMMENDED:

Andrico Q. Penick, Acting Director of Property

Kate Hartley, Director, Mayor's Office of Housing and Community
Development