

1 [Ground Lease of Redevelopment Agency Land for 365 Fulton Street Supportive Housing.]

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3 **Resolution approving the Redevelopment Agency of the City and County of San**
4 **Francisco’s Ground Lease (the “Ground Lease”) for Block 792, Lot 28, commonly**
5 **known as Central Freeway Parcel G Supportive Housing (the “Project”) at 365 Fulton**
6 **Street, southeast corner of Fulton and Gough Streets, San Francisco, California (the**
7 **“Site”) in the Western Addition A-2 Redevelopment Project Area, to 365 FULTON, L.P.,**
8 **a California limited partnership, for 65 years for the purpose of developing housing for**
9 **very low-income formerly homeless residents.**

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11 WHEREAS, The Agency and the City desire to increase the City’s supply of affordable
12 housing and encourage affordable housing development through financial and other forms of
13 assistance; and,

14 WHEREAS, The Agency-owned parcel located at the southeast corner of Fulton and
15 Gough Streets, Assessor’s Block 792, Lot 28, San Francisco, California, in the Western
16 Addition A-2 Redevelopment Project Area, is an underutilized lot currently improved by a
17 surface parking lot that, by Board of Supervisors Resolution No. 824-01, must be developed
18 as permanent, quality, affordable supportive housing for low-income formerly homeless
19 residents (“Project”); and,

20 WHEREAS, The Agency Commission selected 365 Fulton, L.P., L.P., a California
21 limited partnership and affiliate of Community Housing Partnership and Mercy Housing
22 Calwest (“Developer”), to develop and operate the Project as housing units for very low-
23 income formerly homeless residents; and,

24 WHEREAS, The Agency has provided Developer with financial assistance to leverage
25 equity from an allocation of low-income housing tax credits and other funding sources in order

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1 to construct 119 affordable supportive housing units, 1 manager unit, common and support
2 service space, and neighborhood-serving commercial space, which financing require that the
3 Developer demonstrate site control; and,

4 WHEREAS, The Agency has proposed a long-term ground lease agreement (“Ground
5 Lease”) with the Developer to allow the Developer to construct and operate improvements on
6 the Site while allowing the Agency to ensure that the affordability of the housing is maintained
7 over the long term; and,

8 WHEREAS, The Developer’s annual rent obligation for the Site shall be \$15,000,
9 payable from operating income, of which an annual amount up to \$10,000 shall accrue if
10 unpaid, plus an amount up to \$458,000 due and payable to an operating subsidy reserve to
11 the extent surplus cash is available; and,

12 WHEREAS, it is the mission of Community Housing Partnership, Inc., a California
13 nonprofit public benefit corporation (“CHP”), to provide safe, decent, permanent and
14 affordable supportive housing in the Bay Area for formerly homeless residents. 365 Fulton,
15 L.P. is a California Limited Partnership (“Developer”) is an affiliate of CHP created to develop
16 the Project; and

17 WHEREAS, The Agency believes that the redevelopment of the Site, pursuant to its
18 agreement, and the fulfillment generally of the agreement and

19 WHEREAS, Because the Property was purchased with tax increment money, Section
20 33433 of the California Health and Safety Code requires the Board of Supervisors’ approval of
21 its sale or lease, after a public hearing; and,

22 WHEREAS, Notice of the public hearing has been published as required by Health and
23 Safety Code Section 33433; and

24 WHEREAS, The Agency prepared and submitted a report in accordance with the
25 requirements of Section 33433 of the Health and Safety Code, including a copy of the

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1 proposed Ground Lease, and a summary of the transaction describing the cost of the Ground
2 Lease to the Agency, the value of the property interest to be conveyed, the lease price and
3 other information was made available for the public inspection; now, therefore, be it

4 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
5 does hereby find and determine that the lease of the Property from the Agency to 365 Fulton,
6 L.P., a California limited partnership: (1) will provide housing for very low-income formerly
7 homeless residents; (2) is consistent with the implementation plan for the Western Addition A-
8 2 Redevelopment Project Area adopted pursuant to Section 33490 of the California Health
9 and Safety Code; (3) the proposed structure of the lease, including an annual rent value of
10 \$15,000 plus \$458,000, payable from "surplus cash," or operating income that is in excess of
11 operating expenses, is necessary to achieve affordability for very low-income households; and
12 (4) the consideration to be received by the Agency is not less than the fair reuse value at the
13 use and with the covenants and conditions and developments costs authorized by the Ground
14 Lease; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors hereby approves and
16 authorizes the Agency to execute the Ground Lease of the Property from the Agency to 365
17 Fulton, L.P., a California limited partnership, substantially in the form of the Ground Lease
18 lodged with the Agency General Counsel, and to take such further actions and execute such
19 documents as are necessary to carry out the Ground Lease on behalf of the Agency.

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