

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
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TDD/TTY No. 554-5227

MEMORANDUM

LAND USE & ECONOMIC DEVELOPMENT COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Eric Mar, Chair
Land Use & Economic Development Committee

FROM: Alisa Somera, Committee Clerk

DATE: February 28, 2011

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, March 1, 2011

The following file should be presented as **COMMITTEE REPORT** at the Board meeting, Tuesday, March 1, 2011. This item was acted upon at the Committee Meeting on February 28, 2011 at 1:00 p.m., by the votes indicated.

Item No. 51 **File No. 110185**

Resolution approving and authorizing a reciprocal easement agreement for the conveyance of easements over portions of City-owned property located at 150 Otis Street and 170 Otis Street, required as part of the long term ground lease to 150 Otis Associates, L.P., under San Francisco Charter Section 9.118, for the development and operation of affordable housing; adopting findings that the conveyance is in conformance with CEQA, the City's General Plan, and the priority policies of Planning Code Section 101.1; and authorizing City's Director of Property to execute documents, make certain modifications, and take certain actions in furtherance of this resolution.

RECOMMENDED AS COMMITTEE REPORT

Vote: Supervisor Eric Mar - Aye
Supervisor Malia Cohen - Aye
Supervisor Scott Wiener - Aye

c: Board of Supervisors
Angela Calvillo, Clerk of the Board
Rick Caldeira, Deputy Legislative Clerk
Cheryl Adams, Deputy City Attorney

File Nos. 110185 Committee Item Nos. 1
Board Item No. 51

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development Date February 28, 2011

Board of Supervisors Meeting Date March 1, 2011

Cmte Board

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

- | | | |
|---------------------------------------|---------------------------------------|---|
| * <input checked="" type="checkbox"/> | * <input checked="" type="checkbox"/> | <u>Declaration Establishing Reciprocal Easements & Restrictions</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
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| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Completed by: Alisa Somera Date February 24, 2011
Completed by: Alisa Somera Date February 20, 2011

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

1 [Reciprocal Easement Agreement - Property Located at 150 Otis Street and 170 Otis Street]

2
3 **Resolution approving and authorizing a reciprocal easement agreement for the**
4 **conveyance of easements over portions of City-owned property located at 150 Otis**
5 **Street and 170 Otis Street, required as part of the long term ground lease to 150 Otis**
6 **Associates, L.P., under San Francisco Charter Section 9.118, for the development and**
7 **operation of affordable housing; adopting findings that the conveyance is in**
8 **conformance with CEQA, the City's General Plan, and the priority policies of Planning**
9 **Code Section 101.1; and authorizing City's Director of Property to execute documents,**
10 **make certain modifications and take certain actions in furtherance of this resolution.**

11
12
13 WHEREAS, The City, under the jurisdiction of the City's Human Services Agency
14 ("HSA"), is the fee owner of certain real property located at 170 Otis Street, **Assessor's**
15 **Parcel (B) AB3513, Lot 207** (the "170 Otis Property"); and

16 WHEREAS, On June 29, 2010, the Board of Supervisors adopted Resolution No. 288-
17 10, a copy of which is on file with the Clerk of the Board in File No. 100753, in which this
18 Board approved a long-term ground lease (the "Lease") of the adjacent property 150 Otis
19 Street, **Assessor's Parcel (A) AB3513, Lot 208** (the "150 Otis Property") from the City,
20 under the jurisdiction of the Mayor's Office of Housing ("MOH"), to 150 Otis Associates, LP., a
21 California limited partnership (the "Developer") and authorized MOH, through its Director, to
22 finalize negotiations for the Lease and following the negotiations for the Lease authorizes the
23 Director of Property to execute and deliver the Lease; and

24 WHEREAS, The purpose of the Lease is to allow Developer to rehabilitate an existing
25 city landmarked, federal historically significant building into service space and 76 studio units

1 (including 1 manager's unit) of affordable rental housing of which 75 units will be targeted to
2 homeless veterans who, for 55 years after recordation of the memorandum of lease, shall
3 have income no higher than 50% of the Area Median Income (as determined by the U. S.
4 Department of Housing and Urban Development and as calculated by MOH), and income no
5 higher than 60% of the Area Median Income for the remaining term of the Lease (the
6 "Project"); and

7 WHEREAS, As a condition to the recordation of the Lease and delivery of possession
8 of the 150 Otis Property to Developer, the Developer was required to execute and record a
9 reciprocal easement agreement with HSA with respect to access and use rights and
10 responsibilities for certain shared building elements between the 150 Otis Property and the
11 170 Otis Property; and

12 WHEREAS, In order to finalize the Lease and commence with construction of the
13 Project, Developer, HSA and MOH have agreed to the terms of a reciprocal easement
14 agreement (the "Agreement"), in substantially the form filed with the Clerk of the Board of
15 Supervisors under File No. 110185, which is incorporated herein by this reference and is
16 considered part of the record before this Board; and

17 WHEREAS, The Agreement facilitates the use of the Project and the continued use of
18 the 170 Otis Property by granting certain access and use rights to HSA over the 150 Otis
19 Property and to the Developer over the 170 Otis Property during the term of the Lease; and

20 WHEREAS, City's Director of Property has determined that the easement rights
21 exchanged in the Agreement are of mutual and equivalent value; and

22 WHEREAS, Pursuant to Resolution No. 288-10 and Ordinance No. 110-10, a copy of
23 which is on file with the Clerk of the Board in File No. 100330, the terms of which are hereby
24 incorporated into this Resolution, this Board has found that the Project and Lease are
25

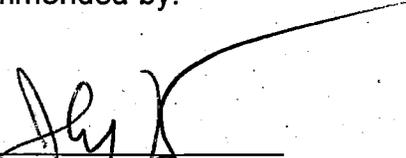
1 consistent with the General Plan and with the Eight Priority Policies of City Planning Code
2 Section 101.1, and in compliance with CEQA; now, therefore, be it

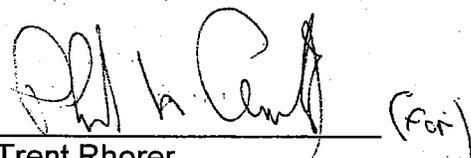
3 RESOLVED, That the Board of Supervisors hereby approves the Agreement
4 substantially in the form on file with the Clerk of the Board under File No. 110185, and
5 authorizes MOH, through its Director, and the Director of Property to execute and deliver the
6 Agreement for recording, and to take all steps (including, but not limited to, the execution and
7 delivery of any and all certificates, agreements, notices, consents, escrow instructions, closing
8 documents and other instruments or documents) as the Director of Property deems necessary
9 or appropriate under the Agreement, or as may be otherwise needed to effectuate the
10 purpose and intent of this Resolution; such determination to be conclusively evidenced by the
11 execution and delivery by the Director of Property of any such documents; and, be it

12 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
13 Property, in consultation with the City Attorney, to enter into any additions, amendments or
14 other modifications to the Agreement (including in each instance, without limitation, the
15 attachment of exhibits) that the Director of Property determines are in the best interests of the
16 City, do not decrease the revenues to the City in connection with the Agreement, or otherwise
17 materially increase the obligations or liabilities of the City, and are in compliance with all
18 applicable laws, including City's Charter, and the Board of Supervisors authorizes the Director
19 of Property to execute such additions, amendments or other modifications to the Agreement;
20 and, be it

21 FURTHER RESOLVED, That the Board hereby finds that the Agreement is consistent
22 with the General Plan and with the Eight Priority Policies of City Planning Code Section 101.1,
23 and is in compliance with CEQA for the same reasons as set forth in Resolution No. 288-10, a
24
25

1 copy of which is on file with the Clerk of the Board in File No. 100753, and Ordinance No.
2 110-10, a copy of which is on file with the Clerk of the Board in File No. 100330.
3 Recommended by:

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5 _____
6 John Updike
7 Acting Director of Real Estate

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9 _____ (for)
10 Trent Rhorer
11 Executive Director of Human Services Agency
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**MAYOR'S OFFICE OF HOUSING
CITY AND COUNTY OF SAN FRANCISCO**



**EDWIN M. LEE
MAYOR**

**DOUGLAS SHOEMAKER
DIRECTOR**

February 15, 2011

Honorable David Chiu
City and County of San Francisco
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

SUBJ: Resolution approving and authorizing a reciprocal easement agreement for the conveyance of easements over portions of City-owned Property located at 150 Otis Street and 170 Otis Street

Dear Supervisor Chiu,

Please find attached a copy of a resolution to be introduced on Tuesday, February 15, 2011.

The resolution is asking for BOS approval and authorization to enter into a reciprocal easement agreement with 150 Otis Associates, LP., a California limited partnership (the "Developer"). The Developer will adaptively rehabilitate and develop 150 Otis into service space and 76 studio units (including 1 manager's unit) of affordable rental housing of which 75 units will be targeted to homeless veterans (the "Project"). The easement will become part of the previously approved ground lease between the City and Developer which was adopted by the Board as resolution 288-10. A copy of that resolution is attached for your information. The easement agreement facilitates the use of the Project and the continued use of the 170 Otis Property by granting certain access and use rights to HSA over the 150 Otis Property and to the Developer over the 170 Otis Property during the term of the Lease.

In order to meet a tax credit imposed deadline for the start of construction, we must close the syndication and have all documents and financing in place by March 14. Backing into this schedule we are assuming introducing the resolution on February 15, 2011; schedule for land use subcommittee on Monday, February 28; and returning to the full BOS for final reading on Tuesday, March 1, 2011. This schedule ensures we can secure Mayor Lee's signature in time to meet our deadline.

The attached resolution has been approved as-to-form by Deputy City Attorney Evan Gross.

If you have any questions about the resolution or the project, please contact Joan McNamara at 701-5532.

Sincerely,

A handwritten signature in black ink that reads "Teresa Yanga".

Teresa Yanga
Housing Development Director

**FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)**

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors
Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: 150 Otis Associates, L.P.	
<p><i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i></p> <p>(1) The Contractor is a Limited Partnership. It does not have a Board of Directors. (2) The Contractor is a Limited Partnership that does not have staff. (3) Chinatown Community Development Center and Swords to Plowshares both have ownership greater than 20% in the contractor. (4) None. (5) None.</p>	
Contractor address: 1525 Grant Avenue, San Francisco, CA 94133	
Date that contract was approved:	Amount of contract: Reciprocal Easement
Describe the nature of the contract that was approved: Reciprocal Easement Agreement for property located at 150 Otis Street and 170 Otis Street.	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed



Free Recording Requested Pursuant to
Government Code Section 27383

Recording requested by and
when recorded mail to:

City and County of San Francisco
Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Attn: Director of Property

Above Space for Recorder's Use

DECLARATION ESTABLISHING RECIPROCAL EASEMENTS AND RESTRICTIONS

Dated as of _____, 2011