

1 [Declaration of City Property - 1939 Market Street and 1515 South Van Ness Avenue -
2 Exempt Surplus Land for 100% Affordable Housing]

3 **Resolution 1) declaring the City’s real property located at 1939 Market Street**
4 **(Assessor’s Parcel Block No. 3501, Lot No. 006) (“1939 Market Property”) and 1515**
5 **South Van Ness Avenue (“1515 SVN” Property, and together with the 1939 Market**
6 **Property, collectively, the “Property”) as Exempt Surplus Land under California**
7 **Government Code, Sections 25539.4 and 54221(f)(1)(A); 2) affirming use of the**
8 **Property by the Mayor’s Office of Housing and Community Development (“MOHCD”)**
9 **for the development as 100% affordable housing with ancillary commercial space; 3)**
10 **affirming MOHCD’s intent to convey the Property under a long term ground lease**
11 **with an annual base rent of \$100, annual lease monitoring fee of \$15,000 and**
12 **restricting the Property for affordable housing and ancillary commercial space; and**
13 **4) affirming the Planning Department’s approval of the projects developed on the**
14 **Property under Senate Bill (SB) No. 35 or Assembly Bill (AB) No. 2162.**

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16 WHEREAS, The Mayor’s Office of Housing and Community Development (“MOHCD”)
17 is responsible for the funding and development of affordable housing in the City of and County
18 of San Francisco (“City”); and

19 WHEREAS, The City, acting through MOHCD, administers a variety of housing
20 programs that provide financing for the development of new affordable housing and the
21 rehabilitation of single- and multi-family housing for low- and moderate-income households
22 and resources for homeowners in San Francisco; and

23 WHEREAS, Pursuant to Resolution No. 68-20, the City acquired real property located
24 at 1939 Market Street in San Francisco, California, which is comprised of approximately
25 11,861 square feet and known as Assessor’s Parcel Block No. Block 3501, Lot 006 and 007

1 (the “1939 Market Property”) on March 20, 2020, for purpose of developing affordable housing
2 on the 1939 Market Property; and

3 WHEREAS, Pursuant to Resolution No. 320-19, the City acquired real property located
4 at 1515 South Van Ness Avenue in San Francisco, California, which is comprised of
5 approximately 35,714 square feet and known as Assessor’s Parcel Block No. Block 3501, Lot
6 006 and 007 (the “1515 SVN Property,” and together with the 1939 Market Property,
7 collectively, the “Property”) on June 17, 2019, for the purposes of developing affordable
8 housing on the 1515 SVN Property; and

9 WHEREAS, MOHCD published a Request for Qualifications on November 30, 2020,
10 for the development and management of new affordable housing on nine separate sites
11 located in various neighborhoods in the City, including the Property; and

12 WHEREAS, Mercy Housing California, a California nonprofit public benefit corporation
13 (“Mercy”), and Openhouse responded to the RFQ and were selected as the joint developers
14 of the 1939 Market Property; and

15 WHEREAS, Mercy has established Mercy Housing 109, L.P., a California limited
16 partnership (the “1939 Market Developer”), as a separate entity under which to develop
17 and construct affordable housing on the 1939 Market Property; and

18 WHEREAS, The 1939 Market Developer has proposed to develop on the 1939 Market
19 Property a 100% affordable housing project, with ancillary ground floor commercial space,
20 consisting of 187 residential units for low income seniors, including 37 units for households
21 earning up to 15% of area median income (“AMI”), 38 units for households earning up to 25%
22 AMI, 40 units for households earning up to 30% of area median income (AMI), 20 units for
23 households earning up to 50% AMI, 50 units for households earning up to 60% AMI, and two
24 manager's units (the “1939 Market Project”); and

1 WHEREAS, On May 31, 2023, by Notice of Final Approval of an SB 35 Project, the
2 Planning Department by Case No. 202211045959 and 2022-009171PRJ determined that the
3 development of the 1939 Market Project met all the standards of the Planning Code and
4 would be eligible for ministerial approval under California Government Code, Section 65913.4
5 (Senate Bills 35 and 765), California Public Resources Code, Section 21080, and the CEQA
6 Guidelines, Sections 15002(i)(1), 15268 and 15369, and would therefore not be subject to the
7 California Environmental Quality Act (“CEQA”); a copy of the Notice of Final Approval of an
8 SB 35 Project for 1939 Market Project is on file with the Clerk of the Board of Supervisors in
9 File No. 230813, and is incorporated herein by reference; and

10 WHEREAS, Chinatown Community Development Corporation, a California nonprofit
11 public benefit corporation (“CCDC”), and Mission Economic Development Agency, a California
12 nonprofit public benefit corporation (“MEDA”) responded to the RFQ and were selected as the
13 joint developers of the 1515 SVN Property; and

14 WHEREAS, CCDC and MEDA have established Casa Adelante 1515 SVN Housing
15 LP., a California limited partnership (the “1515 SVN Developer,” and together with the 1939
16 Market Developer, collectively, the “Developers”), as a separate entity under which to develop
17 and construct affordable housing on the 1515 SVN Property; and

18 WHEREAS, The 1515 SVN Developer has proposed to develop on the 1515 SVN
19 Property a 100% affordable housing project, with ancillary ground floor commercial space,
20 consisting of 168 residential units for low income families, including one manager’s unit; 40
21 units for families experiencing homelessness and earning up to 25% of area median income
22 (AMI); two units for families experiencing homeless and earning up to 40% AMI; 17 units for
23 households earning up to 30% AMI; 10 units for households earning up to 40% AMI; five units
24 for HIV positive households earning up to 50% AMI; 30 units for households earning up to
25 50% AMI; 45 units for households earning up to 60% AMI; nine units for households earning

1 up to 72% AMI; and nine units for households earning up to 80% AMI.(the “1515 SVN
2 Project”); and

3 WHEREAS, On July 5, 2023, by Notice of Project Eligible for AB 2162 Approval, the
4 Planning Department by Case No. 2023-003263PRJ determined that the development of the
5 1515 SVN Project met all the standards of the Planning Code and would be eligible for
6 ministerial approval under California Government Code, Sections 65583 and 65650, and
7 would therefore not be subject to the CEQA; a copy of the Notice of Project Eligible for AB
8 2162 Approval for the 1515 SVN Project is on file with the Clerk of the Board of Supervisors in
9 File No. 230813, and is incorporated herein by reference; and

10 WHEREAS, The City, acting through its Real Estate Division and MOHCD, intends to
11 convey the 1939 Market Property to the 1939 Market Developer and the 1515 SVN Property
12 to the 1515 SVN Developer under long term ground leases with, among other terms, an
13 annual base rent of \$100, annual lease monitoring fee of \$15,000, and restricting the use of
14 the Property only for affordable housing and ancillary ground floor commercial space; and

15 WHEREAS, MOHCD intends to provide the Developers with financial assistance to
16 combine with other funding sources, including tax exempt bonds, low income housing tax
17 credits, and state housing loan programs, in order for the Developers to construct the
18 affordable housing projects; and

19 WHEREAS, As a condition of MOHCD’s financial assistance and the benefits received
20 under SB 35 or AB 2162, the Developers will record restrictions and affordability covenants
21 against the Projects for the life the Projects, but no less than 55 years; and

22 WHEREAS, The City intends to execute the ground leases after approval by the Board
23 of Supervisors of the ground lease agreements and approval of construction financing
24 necessary for each project; and

1 WHEREAS, The 1939 Market Project will satisfy the criteria set forth in Government
2 Code, Section 25539.4, because 1) at least 80% of the 1939 Market Property will be used for
3 the development housing, 2) at least 40% of the housing units will be affordable to whose
4 incomes are equal to or less than 75% of the maximum income of lower income households
5 (as defined under California Health & Safety Code, Section 50079.5) and at least half of such
6 units will be affordable to very low income households (as defined under California Health &
7 Safety Code, Section 50105), 3) the 1939 Market Project will be subject to several regulatory
8 agreements requiring the 1939 Market Developer to maintain the affordability restrictions for
9 no less than 55 years; and

10 WHEREAS, The 1515 SVN Project will satisfy the criteria set forth in Government
11 Code, Section 25539.4 because 1) at least 80% of the 1515 SVN Property will be used for the
12 development housing, 2) at least 40% of the housing units will be affordable to whose
13 incomes are equal to or less than 75% of the maximum income of lower income households
14 (as defined under California Health & Safety Code, Section 50079.5) and at least half of such
15 units will be affordable to very low income households (as defined under California Health &
16 Safety Code, Section 50105), and 3) the 1515 SVN Project will be subject to several
17 regulatory agreements requiring the 1515 SVN Developer to maintain the affordability
18 restrictions for no less than 55 years; and

19 WHEREAS, The Property to be conveyed to the Developers for development of
20 affordable housing qualifies as "Exempt Surplus Land" under California Government
21 Code, Section 54221(f)(1)(A), because the Projects will restrict 100% of the residential
22 units to low-income or very low-income households pursuant to Government Code
23 Section 25539.4; and now, therefore, be it

24 RESOLVED, That the 1939 Market Property is hereby declared "exempt surplus land"
25 under Government Code, Section 54221(f)(1)(A), because 100% of the residential units in the

1 1939 Market Project will be restricted to low-income and very low-income households, and the
2 1939 Market Property will be conveyed to the 1939 Market Developer pursuant to California
3 Government Code, Section 25539.4; and, be it

4 FURTHER RESOLVED, That the 1515 SVN Property is hereby declared "exempt
5 surplus land" under Government Code, Section 54221(f)(1)(A), because 100% of the
6 residential units in the 1515 SVN Project will be restricted to low-income and very low-income
7 households, and the 1515 SVN Property will be conveyed to the 1515 SVN Developer
8 pursuant to California Government Code, Section 25539.4; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors affirms that MOHCD intends to
10 use the Property only for the development of affordable housing for low-income and very low-
11 income households with ancillary commercial space; and, bet it

12 FURTHER RESOLVED, That the Board of Supervisors hereby affirms that the City
13 intends on executing ground leases with the Developers consisting of, among other terms, an
14 annual base rent of \$100, annual lease monitoring fee of \$15,000 and restricting the use of
15 the Property only for affordable housing and ancillary ground floor commercial space, subject
16 to approval by the Board of Supervisors of the ground lease agreement form; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors hereby affirms that the 1939
18 Market Project is eligible for ministerial approval under SB 35 under the Planning
19 Department's Notice of Final Approval of an SB 35 Project for 1939 Market Project; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors hereby affirms that the 1515
21 SVN Project is eligible for ministerial approval under AB 2162 under the Planning
22 Department's Notice of Project Eligible for AB 2162 Approval Project for 1515 Market Project.

1 RECOMMENDED:

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4 /s/ _____

Eric D. Shaw

5 Director of the Mayor's Office of Housing and Community Development

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