

1 [Real Property Acquisition - 145-165-11th Street, 973 Minna Street, and 964 Natoma Street -
2 Recreation and Parks Department - \$9,725,000]

3 **Resolution approving and authorizing an agreement for the City’s acquisition of five**
4 **parcels of improved real estate, consisting of approximately 19,500 square feet in land**
5 **area, including the assumption of existing leases, from Ares Commercial Properties,**
6 **Inc., for \$9,725,000; placing the property under the jurisdiction of the Recreation and**
7 **Park Department, and authorizing the use of revenues from the property for property-**
8 **related costs and future park planning; adopting findings under the California**
9 **Environmental Quality Act for the acquisition, but requiring any future park conversion**
10 **project to be subject to the review and approval of the Recreation and Park**
11 **Commission and the Board of Supervisors following environmental review; adopting**
12 **findings that the conveyance is consistent with the General Plan, and the eight priority**
13 **policies of Planning Code, Section 101.1; and authorizing the Director of Property to**
14 **execute documents, make certain modifications and take certain actions in furtherance**
15 **of the purchase agreement and this Resolution.**

16
17 WHEREAS, Ares Commercial Properties, Inc. (“Seller”) is the fee owner of Assessor’s
18 Parcel Block No. 3510, Lot Nos. 035, 037, 039, 055 & 056, located at 145-11th Street,
19 147-11th Street, 161-165-11th Street, 973 Minna Street, and 964 Natoma Street in the City
20 and County of San Francisco containing approximately 19,500 square feet of improved land
21 area (collectively, the “Properties”); and

22 WHEREAS, The Properties are encumbered by four commercial leases (the “Leases”)
23 that expire on or before September 30, 2021, but one tenant has an option to extend its lease
24 term to May 31, 2024; and

1 WHEREAS, Under the Leases, the landlord has no obligation to repair or maintain the
2 premises except for the surface and structural elements of the roof, the foundations and the
3 load bearing walls; and

4 WHEREAS, The tenants under the Leases collectively pay to the landlord
5 approximately \$25,889 per month in base rent, and each tenant must also pay its share of
6 common operating expenses; and

7 WHEREAS, Seller and City have negotiated a purchase and sale agreement, a copy of
8 which is on file with the Clerk of the Board in File No. _____(the “Purchase
9 Agreement”), for sale of the Properties to the City for \$9,725,000; and

10 WHEREAS, An independent appraised confirmed that the purchase price is equal to or
11 less than the fair market value of the Properties; and

12 WHEREAS, Under the Purchase Agreement, the City will assume the landlord’s rights
13 and obligations under the Leases at closing, and the Recreation and Park Department
14 (“SFRPD”) intends to allow the existing tenants to remain on the Properties in accordance
15 with their Lease terms through existing expiration dates, and to use the rents received to pay
16 all operating or other expenses of SFRPD related to the Properties; and

17 WHEREAS, The City wishes to acquire the Properties for potential future development
18 of a neighborhood park by SFRPD after the expiration of the existing terms of the Leases; and

19 WHEREAS, This acquisition will further SFRPD’s mission, as articulated in the SFRPD
20 Strategic Plan Objective 1.1 (“Develop more open space to address population growth in high
21 needs areas and emerging neighborhoods”), by providing an opportunity to create a future
22 park in a neighborhood that is in need of additional parks and open spaces; and

23 WHEREAS, This acquisition falls within one of the areas identified by the District 6
24 Open Space Task Force in 2013 as desirable for new open space based on the Recreation
25

1 and Open Space Element High Needs Areas mapping and such factors as population density,
2 concentration of children and/or seniors, concentration of lower income households,
3 anticipated growth, and the number existing parks relative to other areas in the City; and

4 WHEREAS, On August 18, 2016, the Recreation and Park Commission unanimously
5 approved Resolution No. 1608-006 affirming the purchase of the Properties and urging the
6 Board of Supervisors to take steps necessary to purchase the Properties with monies from the
7 Open Space Acquisition Fund; and

8 WHEREAS, The public interest or necessity will not be inconvenienced by the
9 acquisition of the Properties in accordance with the Purchase Agreement, and such
10 acquisition will further a proper public purpose; and

11 WHEREAS, The Planning Department, by letter dated April 4, 2017, found that the
12 acquisition of the Properties is not considered a project under the California Environmental
13 Quality Act (“CEQA”, Pub. Resources Code, Section 21000 et seq.) pursuant to CEQA
14 Guidelines, Section 15060, and Administrative Code, Chapter 31, and is consistent with the
15 General Plan, and the eight priority policies of Planning Code, Section 101.1, which letter is
16 on file with the Clerk of the Board of Supervisors in File No. _____, and incorporated herein
17 by this reference; now, therefore, be it

18 RESOLVED, This Board affirms the Planning Department’s determination under CEQA
19 and finds that the proposed acquisition of the Properties is consistent with the General Plan
20 and with Planning Code, Section 101.1 for the reasons set forth in the Director of Planning’s
21 letter; and, be it

22 FURTHER RESOLVED, That in accordance with the recommendation of the General
23 Manager of SFRPD and the Director of Property, the Board of Supervisors approves the
24 Purchase Agreement in substantially the form presented to the Board, and authorizes the
25 General Manager of SFRPD and the Director of Property to take all actions necessary or

1 appropriate to acquire the Properties and assume the Leases as set forth in the Purchase
2 Agreement, and to perform the City's obligations as a landlord under the assumed Leases;
3 and, be it

4 FURTHER RESOLVED, That the Director of Property shall place the Properties under
5 SFRPD's jurisdiction, and SFRPD shall use the revenues from the Properties to fulfill the
6 City's obligations under the Leases and applicable law and use any excess revenues, after
7 paying all costs of operation and maintenance, for planning and other costs related to the
8 potential conversion of the Properties to a public park following the expiration of the Leases,
9 and, be it

10 FURTHER RESOLVED, That any future building demolition and conversion of the
11 Properties to a park will be subject to the review and approval of the Recreation and Park
12 Commission and the Board of Supervisors following any required environmental review; and,
13 be it

14 FURTHER RESOLVED, That if the City determines not to use the Properties as a park
15 following environmental review, the City shall transfer jurisdiction of the Properties to another
16 City department or sell the Properties to a third party, subject to the review and approval of
17 the Board of Supervisors, and the sales proceeds of any such transfer or sale will be placed
18 into the City's Open Space Acquisition Fund; and, be it

19 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
20 Property to enter into any amendments to the Purchase Agreement and to enter into ancillary
21 agreements that the Director of Property determines, in consultation with the City Attorney
22 and General Manager of SFRPD, are in the best interest of the City, do not otherwise
23 materially increase the obligations or liabilities of the City, are necessary or advisable to
24 effectuate the purposes of the Purchase Agreement and this resolution and are in compliance
25 with all applicable laws, including City's Charter; and, be it

