

AMENDED IN COMMITTEE
7/27/16

FILE NO. 160795

RESOLUTION NO.

1 [Agreements - Purchase and Sale for Real Estate and Ground Lease - 1036 Mission
2 Associates, L.P - 1036 Mission Street - \$5,476,250 and \$15,000 Respectively]

3 **Resolution approving and authorizing the execution and performance of an Agreement of**
4 **Purchase and Sale of Real Estate in connection with the acquisition of the parcel located**
5 **at 1036 Mission Street (Assessor's Parcel Block No. 3703, Lot No. 162) ("the Property"), for**
6 **\$5,476,250, and a long term, 85-years with a 14-year extension option, Ground Lease of the**
7 **Property for \$15,000 annual base rent, with 1036 Mission Associates, L.P., to construct a**
8 **100% affordable, 83-unit multifamily rental housing development for low-income**
9 **households and formally homeless families and a commercial shell for a 1,061 square foot**
10 **commercial space; adopting findings that the project was properly analyzed in the**
11 **Negative Declaration prepared under the California Environmental Quality Act, and that**
12 **the conveyance and lease are consistent with the City's General Plan, and the priority**
13 **policies of Planning Code Section 101.1; and authorizing and directing the Director of**
14 **Property and Director of the Mayor's Office of Housing and Community Development to**
15 **execute documents, make certain modifications, and take certain actions in furtherance of**
16 **this Resolution, as defined herein.**

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18 WHEREAS, In April 2006, the Mayor's Office of Housing (now the Mayor's Office of
19 Housing and Community Development) ("MOHCD") issued a Notice of Funding Availability
20 ("NOFA") to provide financing assistance for the development of low income affordable rental
21 family housing; and

22 WHEREAS, Tenderloin Neighborhood Development Corporation ("TNDC"), a California
23 nonprofit public benefit corporation, submitted an application in response to the NOFA and
24 was selected to be the developer for an apartment building for low income families, including
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1 homeless families to be located at 1036 Mission Street (Assessor’s Block 3703, Lot 162) (the
2 “Property”); and

3 WHEREAS, TNDC established 1036 Mission Associates, L.P., a California
4 limited partnership (“Seller/Lessee”), as a separate entity under which to develop the
5 Project; and

6 WHEREAS, Seller/Lessee acquired the property in 2007 for \$5,500,000, using a
7 \$100,000 acquisition loan from the former San Francisco Redevelopment Agency (now known
8 as the Successor Agency to the Redevelopment Agency of the City And County of San Francisco, a
9 public body organized and existing under the laws of the State of California, commonly known as the
10 Office of Community Investment and Infrastructure (the “Successor Agency” or “OCII”), (the
11 “Redevelopment Agency Loan”), and a \$5,476,250 acquisition loan from MOHCD (the
12 “MOHCD Acquisition Loan”); and

13 WHEREAS, MOHCD desires to acquire the Property from Seller/Lessee
14 pursuant to a Purchase and Sale Agreement (“PSA”) in substantially the form on file
15 with the Clerk of the Board of Supervisors in File No. 160795, incorporated herein by
16 reference; and

17 WHEREAS, In consideration of the Seller/Lessee’s agreement to convey the
18 Property, MOHCD shall credit the outstanding balance and accrued interest of the
19 MOHCD Acquisition Loan and reconvey the related Deed of Trust subject to the
20 conditions described in the PSA; and

21 WHEREAS, MOHCD is also providing the Seller/Lessee with new financial assistance
22 to leverage equity from an allocation of low-income housing tax credits and other funding
23 sources in order to construct a 100% affordable, 83-unit multifamily rental housing
24 development for low-income households and formally homeless families and a commercial
25 shell for a 1,061 square foot commercial space on the Property (the “Project”); and

1 WHEREAS, Seller/Lessee has obtained all entitlements and is ready to begin
2 construction of the Project; and

3 WHEREAS, An appraisal dated March 26, 2016 valued the Property at
4 \$17,480,000 with entitlements; and

5 WHEREAS, MOHCD and the Director of Property have approved the form of the
6 Ground Lease between MOHCD and the Seller/Lessee, pursuant to which MOHCD will lease
7 the Property to the Seller/Lessee for Fifteen Thousand Dollars (\$15,000.00) per year Base
8 Rent, in exchange for the Seller/Lessee's agreement, among other things, to operate the
9 Project with rent levels affordable to households up to 50% San Francisco Area Median
10 Income (AMI). A copy of the Ground Lease in substantially the form approved is on file with
11 the Clerk of the Board of Supervisors in File No. 160795, and is incorporated herein by
12 reference; and,

13 WHEREAS, The Ground Lease provides, among other conditions, for a term of [85]
14 years and one [14] year option to extend; and,

15 WHEREAS, The Planning Department analyzed the project in the 1036 Mission
16 Street Mitigated Negative Declaration, which was adopted on May 14, 2009 in Planning
17 Commission Resolution No. 19135 (Planning Case No. 2007.1464E). The Planning
18 Commission adopted a Mitigation Monitoring and Reporting Program as part of such
19 adoption and approval of the Project

20 WHEREAS, The Planning Department found that the Acquisition and Ground
21 Lease are consistent with the City's General Plan and with the Eight Priority Policies
22 under Planning Code Section 101.1 for the reasons set forth in the letter of the
23 Department of City Planning dated April 21, 2016, which is on file with the Clerk of the
24 Board of Supervisors in File No. 160795; now, therefore, be it
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1 RESOLVED, That the Board of Supervisors hereby finds that the Acquisition
2 and Ground Lease are consistent with the City's General Plan and with the Eight
3 Priority Policies under Planning Code Section 101.1 for the same reasons set forth in
4 the letter of the Department of City Planning dated April 21, 2016, and hereby
5 incorporates such findings by reference as though fully set forth in this Resolution; and,
6 be it

7 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the
8 Acquisition is consistent with CEQA per the 1036 Mission Street Mitigated Negative
9 Declaration, adopted on May 14, 2009 (Planning Case No. 2007.1464E) and, be it

10 FURTHER RESOLVED, That in accordance with the recommendations of the
11 Director of Property and the Director of MOHCD, the Board of Supervisors hereby
12 approves the Transaction Documents, and authorizes the Director of Property (or his
13 designee) and the Director of MOHCD (or his designee) to execute and deliver the
14 Transaction Documents and any such other documents that are necessary or
15 advisable to complete the transaction contemplated by the Transaction Documents,
16 including the Ground Lease, and to effectuate the purpose and intent of this
17 Resolution; and, be it

18 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director
19 of Property (or his designee) and the Director of MOHCD (or his designee), in
20 consultation with the City Attorney, to enter into any additions, amendments or other
21 modifications to the Purchase and Sale Agreement and the Ground Lease (including in
22 each instance, without limitation, the attachment of exhibits), that the Director of
23 Property and the Director of MOHCD determine are in the best interests of the City, do
24 not materially decrease the benefits to the City with respect to the Property, or
25 otherwise materially increase the obligations or liabilities of the City, and are necessary

1 or advisable to complete the transaction contemplated herein, effectuate the purpose
2 and intent of this Resolution, and are in compliance with all applicable laws, including
3 the City's Charter. Documents that include amendments from what was previously
4 submitted to the Board shall be provided to the Clerk of the Board, as signed by the
5 parties, together with a marked copy to show any changes, within 30 days of execution
6 for inclusion in the official file; and, be it

7 FURTHER RESOLVED, That all actions authorized and directed by this
8 Resolution and heretofore taken are hereby ratified, approved and confirmed by this
9 Board of Supervisors.

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RECOMMENDED:

John Updike, Director of Property

Olson Lee, Director, Mayor's Office of Housing and Community Development