

1 [Ground Lease of Redevelopment Agency Land for Plaza Apartments.]

2

3 **Resolution approving the Redevelopment Agency of the City and County of San**
4 **Francisco’s lease of land at Assessor’s Block 3725, Lot 025, commonly known as 988-**
5 **992 Howard Street, to Plaza Apartments Associates, L.P., a California Limited**
6 **Partnership, for 55 years for the purpose of developing housing for very low-income**
7 **senior households.**

8

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

12 WHEREAS, The housing development located at Assessor’s Block 3725, Lot 025,
13 more commonly known as 988-992 Howard Street (“the Property”), is 37-unit single room
14 occupancy (“SRO”) hotel with ground floor commercial which will be demolished to create
15 106-units of permanent, quality, affordable housing for Very Low-Income households, as
16 those terms are defined by the United States Department of Housing and Urban Development
17 (“HUD”); and

18 WHEREAS, Plaza Apartments Associates, L.P., a California Limited Partnership
19 (“Developer”), is an entity established to acquire and operate the Project as housing units for
20 Very Low Income households and intends to enter into a lease agreement with the Agency;
21 and

22 WHEREAS, The Developer has applied to the Agency for assistance in funding the
23 acquisition and construction of the Project in order to build one hundred six (106) affordable
24 housing units for Very Low-Income households (the “Project”); and

25

Name of Supervisor/Committee/Department

BOARD OF SUPERVISORS

1 WHEREAS, the Agency intends to remain the owner of the land associated with the
2 Property in order to assist in the Project’s construction and to ensure the long-term
3 affordability of the Project; and

4 WHEREAS, The Developer has leveraged the Agency’s financial assistance through a
5 successful application to the California Tax Credit Allocation Committee for low income
6 housing tax credits; and

7 WHEREAS, The Agency and the Developer intend to enter into a ground lease
8 agreement (the “Ground Lease”), in which the Agency will lease the Property for One Hundred
9 Sixty Eight Thousand Dollars (\$168,000.00) per year, subject to adjustment based upon an
10 appraisal every fifteen years, with \$15,000 in base rent due and payable each year and with
11 the remainder payable to the extent income exceeds operating costs, in exchange for the
12 Developer’s agreement, among other things, to operate the Project with rent levels affordable
13 to Very Low-Income Households; and

14 WHEREAS, Although the Property could command a higher ground rent, leasing the
15 Property for a rent in excess of the stated rent would render it financially infeasible for the
16 Developer to operate the Project with rent levels affordable to Very Low-Income Households;
17 and

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

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

23 WHEREAS, The Agency prepared and submitted a report in accordance with the
24 requirements of Section 33433 of the Health and Safety Code, including a copy of the
25 proposed Ground Lease, and a summary of the transaction describing the cost of the Ground

Name of Supervisor/Committee/Department

BOARD OF SUPERVISORS

1 Lease to the Agency, the value of the property interest to be conveyed, the lease price and
2 other information was made available for the public inspection; now therefore be it

3

4 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
5 does hereby find and determine that the ground lease of the Property from the Agency to
6 Plaza Apartments Associates, L.P., a California Limited Partnership: (1) will provide housing
7 for Very Low-Income Persons; (2) is consistent with the Agency's Citywide Tax Increment
8 Affordable Housing Program, pursuant to California Health and Safety Code Section 33342.2,
9 et seq.; (3) the less-than-fair-market rent of approximately One Hundred Sixty Eight Thousand
10 Dollars (\$168,000.00) per year, as adjusted by reappraisal every fifteen years, for a period of
11 fifty-five (55) years 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 Plaza
17 Apartments Associates, L.P., substantially in the form of the Ground Lease lodged with the
18 Agency General Counsel, and to take such further actions and execute such documents as
19 are necessary to carry out the Ground Lease on behalf of the Agency.

20

21

22

23

24

25

Name of Supervisor/Committee/Department

BOARD OF SUPERVISORS

Page 3

7/27/2011

d:\insite\files\sfm\attachments\19121.doc