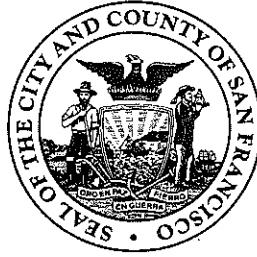


BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

July 25, 2016

File No. 160795

Sarah Jones  
Environmental Review Officer  
Planning Department  
1650 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94103

Dear Ms. Jones:

On July 12, 2016, Mayor Lee introduced the following legislation:

**File No. 160795**

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

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in black ink, appearing to read "Linda Wong".

By: Linda Wong, Assistant Clerk

Attachment

c: Joy Navarrete, Environmental Planning  
Jeanie Poling, Environmental Planning

Environmental clearance under Planning Dept.  
Case No. 2007.1464E Final Mitigated Negative  
Declaration (May 14, 2009) and Note to File  
(April 16, 2014).

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

16  
17 WHEREAS, In April 2006, the Mayor's Office of Housing (now the Mayor's Office of  
18 Housing and Community Development) ("MOHCD") issued a Notice of Funding Availability  
19 ("NOFA") to provide financing assistance for the development of low income affordable rental  
20 family housing; and

21 WHEREAS, Tenderloin Neighborhood Development Corporation ("TNDC"), a California  
22 nonprofit public benefit corporation, submitted an application in response to the NOFA and  
23 was selected to be the developer for an apartment building for low income families, including  
24 homeless families to be located at 1036 Mission Street (Assessor's Parcel Block No. 3703,  
25 Lot No. 162) (the "Property"); and

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

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

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

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

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

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

1           WHEREAS, An appraisal dated March 26, 2016, valued the Property at  
2 \$17,480,000 with entitlements; and

3           WHEREAS, MOHCD and the Director of Property have approved the form of the  
4 Ground Lease between MOHCD and the Seller/Lessee, pursuant to which MOHCD will lease  
5 the Property to the Seller/Lessee for Fifteen Thousand Dollars (\$15,000) per year Base Rent,  
6 in exchange for the Seller/Lessee's agreement, among other things, to operate the Project  
7 with rent levels affordable to households up to 50% San Francisco Area Median Income  
8 (AMI); and

9           WHEREAS, A copy of the Ground Lease in substantially the form approved is on file  
10 with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_, and is incorporated herein  
11 by reference; and

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

14           WHEREAS, The Planning Department found that the Sale is consistent with  
15 CEQA and Categorically Exempt from Environmental Review as a Categorical  
16 Exemption Class 1 as defined by CEQA for the reasons set forth in the April 21, 2016,  
17 letter from the Department of City Planning, which is on file with the Clerk of the Board  
18 in File No. \_\_\_\_\_, and is incorporated herein by reference; and

19           WHEREAS, The Planning Department found that the Acquisition and Ground  
20 Lease are consistent with the General Plan, and with the eight priority policies of  
21 Planning Code, Section 101.1, for the reasons set forth in the letter of the Department  
22 of City Planning dated April 21, 2016, which is on file with the Clerk of the Board in File  
23 No. \_\_\_\_\_; now, therefore, be it  
24  
25

1 RESOLVED, That the Board of Supervisors hereby finds that the Acquisition  
2 and Ground Lease are consistent with the General Plan, and with the eight priority  
3 Policies of Planning Code, Section 101.1, for the same reasons set forth in the letter of  
4 the Department of City Planning dated April 21, 2016, and hereby incorporates such  
5 findings by reference as though fully set forth in this Resolution; and, be it

6 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the  
7 Acquisition is consistent with CEQA and Categorical Exempt from Environmental  
8 Review as a Categorical Exemption Class 1 as defined by CEQA for the reasons set  
9 forth in the April 21, 2016, letter from the Department of City Planning, which is on file  
10 with the Clerk of the Board in File No. \_\_\_\_\_; and, be it

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

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

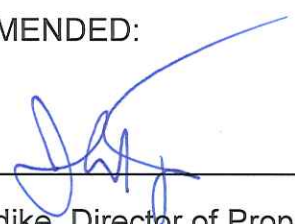
1 otherwise materially increase the obligations or liabilities of the City, and are necessary  
2 or advisable to complete the transaction contemplated herein, effectuate the purpose  
3 and intent of this Resolution, and are in compliance with all applicable laws, including  
4 the City's Charter; and, be it

5 FURTHER RESOLVED, Documents that include amendments from what was  
6 previously submitted to the Board shall be provided to the Clerk of the Board, as signed  
7 by the parties, together with a marked copy to show any changes, within 30 days of  
8 execution for inclusion in the official file; and, be it

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

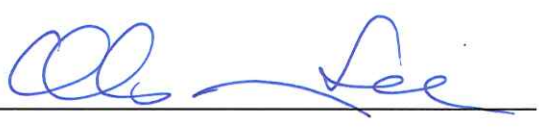
1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

RECOMMENDED:



---

John Updike, Director of Property



---

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