

1 [Commercial Ground Lease - Broadway Davis Retail Associates LLC - 725 Davis Street -
2 First Amendment to Residential Ground Lease - 735 Davis Senior, L.P. - 735 Davis - Annual
3 Base Rent of \$1]

4 **Resolution 1) approving and authorizing the Director of Property and the Mayor’s**
5 **Office of Housing and Community Development (“MOHCD”) to enter into a Commercial**
6 **Ground Lease for Real Property owned by the City and located at 725 Davis Street (the**
7 **“Commercial Property”) with Broadway Davis Retail Associates LLC, for a lease term**
8 **of 70 years and one 24-year option to extend and an annual base rent of \$1**
9 **(“Commercial Ground Lease”), in order to develop ground floor commercial space for**
10 **community-serving uses (“Commercial Project”); 2) approving and authorizing the**
11 **Director of Property and the Director of MOHCD to enter into a First Amendment to**
12 **Residential Ground Lease to remove the Commercial Property from the leased**
13 **premises under the Ground Lease between the City and 735 Davis Senior, L.P., related**
14 **to a 52-unit affordable housing development for low-income seniors, including 15 units**
15 **for homeless seniors; 3) adopting findings that the Project and proposed transactions**
16 **are consistent with the General Plan, and the eight priority policies of Planning Code,**
17 **Section 101.1; 4) determining that the less than market rent payable under the**
18 **Commercial Ground Lease will serve a public purpose by providing commercial spaces**
19 **for community-serving spaces, in accordance with Administrative Code, Section 23.3;**
20 **and 5) authorizing the Director of Property and/or the Director of MOHCD to execute the**
21 **Commercial Ground Lease and the First Amendment to Residential Ground Lease and**
22 **make certain modifications to such agreements, as defined herein, and take certain**
23 **actions in furtherance of this Resolution, as defined herein.**

1 WHEREAS, The City and County of San Francisco (the “City”), acting through the
2 Mayor’s Office of Housing and Community Development (“MOHCD”), administers a variety of
3 housing programs that provide financing for the development of new affordable housing and
4 the rehabilitation of single- and multi-family housing for low- and moderate-income
5 households and resources for homeowners in San Francisco; and

6 WHEREAS, The City owns certain real property located at 735 Davis Street
7 (Assessor’s Parcel Block No. 0140, Lot Nos. 009 and 010), and 735 Davis Street (Assessor’s
8 Parcel Block No. 0140, Lot No. 011) in San Francisco, California (together, the “Property”);
9 and

10 WHEREAS, In 2015, MOHCD issued a Request for Proposals (“RFP”) for a developer
11 to work with the City to develop the Property with 52 units of affordable housing for low-
12 income seniors, including 15 units for homeless seniors, and approximately 1,240 square feet
13 of community-serving commercial space (collectively, the “Project”); and

14 WHEREAS, BRIDGE Housing Corporation , a California nonprofit public benefit
15 corporation (“BRIDGE”), and John Stewart Company, a California Corporation, a California
16 corporation (“JSCo”), jointly responded to the RFP, and were selected to be the developers
17 for the Project; and

18 WHEREAS, BRIDGE and JSCo established 735 Davis Senior, L.P., a California limited
19 partnership (“Residential Developer”), as a separate entity under which to develop the Project
20 on the Property; and

21 WHEREAS, On March 9, 2018, the Environmental Review Officer signed the Final
22 Mitigated Negative Declaration (“Final MND”) for the Project and the Final MND was issued in
23 compliance with CEQA, the CEQA Guidelines and Chapter 31; and

24 WHEREAS, By letter dated June 15, 2018, the Department of City Planning adopted
25 and issued a General Plan Consistency Finding, a copy of which is on file with the Clerk of the

1 Board in Board File No. 180686 and incorporated in this Resolution by reference, wherein the
2 Department of City Planning found that the Project is consistent with the General Plan, and
3 with the eight priority policies under Planning Code, Section 101.1;

4 WHEREAS, On July 12, 2018, by Resolution No. 267-18, the Board of Supervisors
5 approved and authorized an option agreement and form of ground lease of the Davis Property
6 for the purpose of development and construction of the Davis Project, and adopted the MMRP
7 and found that all required mitigation measures identified in the FMND and contained in the
8 MMRP will be included in the ground lease; and

9 WHEREAS, On May 30, 2019, pursuant to Resolution No. 267-18, MOHCD entered
10 into a Ground Lease with the Residential Developer for the purpose of developing the Project
11 on the Property (the “Residential Ground Lease”); and

12 WHEREAS, The Residential Developer has subdivided the Property into one
13 residential parcel (the “Residential Property”) and one commercial parcel (the “Commercial
14 Property”); and

15 WHEREAS, BRIDGE and JSCo have also established 725 Davis LLC, a
16 California limited liability company (the “Commercial Developer”), as a separate entity
17 under which to develop the Commercial Property; and

18 WHEREAS, The Commercial Property is owned in fee simple by City but it is
19 “exempt surplus land”, as defined in California Government Code, Section 55421(b)(1),
20 because the Commercial Property is ancillary commercial space to the Project, which
21 is a 100% affordable housing project under California Government Code, Section
22 55421(f)(1)(F)(i); and

23 WHEREAS, MOHCD and the Director of Property have approved the form of the First
24 Amendment to Residential Ground Lease between the City and the Residential Developer,
25 pursuant to which the Commercial Property will be removed from the Residential Ground

1 Lease and governed by the Commercial Ground Lease; a copy of the substantially final form
2 of the First Amendment to Residential Ground Lease is on file with the Clerk of the Board of
3 Supervisors in File No. _____, and is incorporated herein by reference; now,
4 therefore, be it

5 WHEREAS, MOHCD and the Director of Property have approved the form of the
6 Commercial Ground Lease between the City and the Commercial Developer, pursuant to
7 which the City will lease the Commercial Property to the Commercial Developer for a term of
8 70 years and one 24-year option to extend and a base rent of \$1 per year, in exchange for the
9 Commercial Developer's agreement, among other things, to provide community-serving
10 commercial space; a copy of the substantially final form of the Commercial Ground Lease is
11 on file with the Clerk of the Board of Supervisors in File No. _____, and is
12 incorporated herein by reference; and

13 WHEREAS, The proposed rent of the Commercial Ground Lease is less than Market
14 Rent (as defined in Administrative Code, Section 23.2), but the lower rent will serve a public
15 purpose by providing community-serving commercial space associated with 100% affordable
16 housing; now, therefore, be it

17 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
18 associated actions necessary to effectuate the Project) is consistent with the CEQA
19 determination and the General Plan, and with the eight priority policies of Planning Code,
20 Section 101.1, for the same reasons as set forth in the Planning Commission Motion, and
21 hereby incorporates such findings by reference as though fully set forth in this Resolution;
22 and, be it

23 FURTHER RESOLVED, That the Board of Supervisors hereby finds, in consideration
24 of the foregoing, the lower rent under the Commercial Ground Lease will serve a public
25 purpose by providing public benefit or community-serving commercial space; and, be it

1 FURTHER RESOLVED, That in accordance with the recommendation of the Director
2 of MOHCD and the Director of Property, the Board of Supervisors approves the Commercial
3 Ground Lease and the First Amendment to Residential Ground Lease in substantially the form
4 presented to the Board, and authorizes the Director of Property (or the Director's designee, as
5 used throughout) and Director of MOHCD (or the Director's designee, as used throughout), to
6 execute and deliver the Commercial Ground Lease and the First Amendment to Residential
7 Ground Lease, in substantially the form presented to the Board, and any such other
8 documents or agreements (including such agreements to provide adequate or additional
9 security or indemnities as required by lenders to consummate the financing of the Project or
10 lease of the Property) that are necessary or advisable, in consultation with the City Attorney,
11 to complete the transaction contemplated by the Commercial Ground Lease and the First
12 Amendment to Residential Ground Lease and to effectuate the purpose and intent of this
13 Resolution, and determines that the less than Market Rent payable under the Commercial
14 Ground Lease will serve a public purpose by providing public benefit or community-serving
15 commercial space; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
17 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any
18 additions, amendments, or other modifications to the Commercial Ground Lease and the First
19 Amendment to Residential Ground Lease, and any other documents or instruments necessary
20 in connection therewith (including, without limitation, preparation and attachment or, or
21 changes to, any of all of the exhibits and ancillary agreements), that the Director of Property
22 and/or Director of MOHCD determine are in the best interests of the City, do not materially
23 decrease the benefits to the City with respect to the Property, do not materially increase the
24 obligations or liabilities of the City, and are necessary or advisable to complete the
25 transactions contemplated in the Commercial Ground Lease and the First Amendment to

1 Residential Ground Lease, and that effectuate the purpose and intent of this Resolution, such
2 determination to be conclusively evidenced by the execution and delivery by the Director of
3 Property and/or the Director of MOHCD of any such additions, amendments, or other
4 modifications; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
6 delegates to the Director of MOHCD and/or the Director of Property, the authority to
7 undertake any actions necessary to protect the City's financial security in the Property, and
8 without limitation, acquisition of the Property upon foreclosure and sale at a trustee sale,
9 acceptance of a deed in lieu of foreclosure, or curing the default under a senior loan; and, be
10 it

11 FURTHER RESOLVED, That all actions authorized and directed by this Resolution and
12 heretofore taken are hereby ratified, approved and confirmed by this Board of Supervisors;
13 and, be it

14 FURTHER RESOLVED, That within thirty (30) days of the Commercial Ground Lease
15 and the First Amendment to Residential Ground Lease being fully executed by all parties,
16 MOHCD shall provide the final agreements to the Clerk of the Board for inclusion into the
17 official file.

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