

1 [Property Conveyance and Ground Lease - 67 Units Affordable Housing - Mercy Housing
2 California 51 - 1009 Howard Street]

3 **Resolution approving and authorizing the conveyance of real property located at 1009**
4 **Howard Street from the Office of Community Investment and Infrastructure to the**
5 **Mayor’s Office of Housing and Community Development (as Successor Housing**
6 **Agency to the San Francisco Redevelopment Agency); approving and authorizing the**
7 **Mayor’s Office of Housing and Community Development to enter into a 99 year ground**
8 **lease totaling \$99 with Mercy Housing California 51, a California limited partnership, for**
9 **the development and operation of 66 units of affordable housing (plus one manager’s**
10 **unit) on such property and making findings that the conveyance and ground lease are**
11 **in conformance with the California Environmental Quality Act, the General Plan, and the**
12 **eight priority policies of Planning Code, Section 101.1.**

13
14 WHEREAS, The Redevelopment Agency of the City and County of San Francisco (the
15 “Former Agency”) acquired a fee interest in 1009 Howard Street (Lot 3731, Block 001 and
16 referred to herein as the “Property”) through eminent domain on November 12, 2009 for the
17 sum of \$4,600,000, and intended to develop the Property for affordable housing; and

18 WHEREAS, On May 27, 2010, the Former Agency issued a Housing Development
19 Request for Proposals (the “RFP”) for the development and management of very low-income,
20 rental housing and ground floor uses at the Property; and

21 WHEREAS, Mercy Housing was selected as the winning RFP respondent and on
22 November 16, 2010, the Former Agency authorized an Exclusive Negotiations Agreement with
23 Mercy Housing California 51 L.P., a California limited partnership (“Mercy”) for the
24 development of very low-income family housing at the Property; and

25 WHEREAS, The proposed project will be the demolition of the existing improvements

1 on the Property and new construction of 66 very low income family rental units (plus one
2 manager’s unit), including 14 units specifically reserved for developmentally disabled adults,
3 and 2,550 square feet of ground-level retail space (the “Project”), with all units restricted to
4 households who shall have income no higher than 50% of the Area Median Income (as
5 determined by the U.S. Department of Housing and Urban Development and as calculated by
6 MOHCD) for 55 years after recordation of the memorandum of lease, and income no higher
7 than 70% of the Area Median Income for the remaining term of the lease (the "Occupancy
8 Restrictions"); and

9 WHEREAS, Under California State Assembly Bill No. 1X26 (Chapter 5, Statutes of
10 2011-12, first Extraordinary Session), as amended by California State Assembly Bill No. 1484
11 (together, the “Dissolution Law”), the Former Agency dissolved as a matter of law on February
12 1, 2012; and

13 WHEREAS, On October 2, 2012, the San Francisco Board of Supervisors, acting as
14 legislative body of the newly established Office of Community Investment and Infrastructure
15 (“OCII”) as the successor to the Former Agency, passed Ordinance 215-12, which outlined the
16 rights and responsibilities of OCII as the Agency’s successor agency, including but not limited
17 to certain retained existing enforceable obligations for the development of affordable housing;
18 and

19 WHEREAS, Pursuant to Ordinance 215-12 and Dissolution Law, OCII became the fee
20 owner of the Property as successor to the Former Agency; and

21 WHEREAS, On May 6, 2014, the Commission on Community Investment and
22 Infrastructure approved Resolution 31-2014, authorizing OCII’s Executive Director to transfer
23 the Property to the City, under the jurisdiction of the Mayor’s Office of Housing and Community
24 Development (“MOHCD”), as a housing asset pursuant to Dissolution Law; and

25 WHEREAS, On June 9, 2014, the OCII Oversight Board approved Resolution 5-2014,

1 authorizing the Executive Director to transfer the Property to the City, under MOHCD's
2 jurisdiction, as a housing asset pursuant to Dissolution Law; and

3 WHEREAS, OCII now desires to convey the Property to the City, under MOHCD's
4 jurisdiction, at no cost in accordance with Dissolution Law (the "Conveyance"), pursuant to a
5 quitclaim deed (the "Deed") in substantially the form filed with the Clerk of the Board of
6 Supervisors in File No. _____; and

7 WHEREAS, Upon conveyance of the Property to the City, MOHCD and Mercy intend to
8 enter into a long-term ground lease allowing Mercy to lease the Property and develop the
9 Project (the "Lease"), in substantially the form of the Lease filed with the Clerk of the Board of
10 Supervisors in File No. 140925; and

11 WHEREAS, The Lease includes: (i) a term of 75 years, with an extension option of 24
12 years; (ii) annual base rent in the amount of One Dollar (\$1.00); and (iii) the Occupancy
13 Restrictions; and

14 WHEREAS, On August 1, 2013, the Planning Commission certified the Final
15 Environmental Impact Report ("FEIR") and adopted CEQA findings for the proposed Project in
16 its Motion No. 18937, which is on file with the Clerk of the Board in File No. 140925. The FEIR
17 describes the proposed Project, assesses the potential environmental impacts of the Project,
18 and identifies mitigation measures to preclude significant impacts or reduce such impacts to
19 less than significant levels; and

20 WHEREAS, On August 1, 2013, the Planning Commission also approved a Conditional
21 Use Application and the Mitigation Monitoring Program that attaches the mitigation measures
22 contained in the FEIR in its Motion No. 18938, which is on file with the Clerk of the Board in
23 File No. 140925; and

24 WHEREAS, The Planning Department found that the Project and Lease are consistent
25 with the City's General Plan, and with the eight priority policies of Planning Code, Section

1 101.1 for the reasons set forth in the July 28, 2014 letter from the Department of City Planning,
2 which is on file with the Clerk of the Board in File No. 140925; now, therefore, be it

3 RESOLVED, That the Board of Supervisors hereby finds that the Project and Lease are
4 consistent with the General Plan, and with the eight priority policies of Planning Code Section
5 101.1 for the same reasons set forth in the letter of the Department of City Planning, dated July
6 28, 2014, and hereby incorporates such findings by reference as though fully set forth in this
7 Resolution; and, be it

8 FURTHER RESOLVED, That the Board hereby finds that the Project and Lease to
9 allow for the Project are in compliance with CEQA for the same reasons as set forth in
10 Commission Motions 18937 and 18938; and, be it

11 FUTHER RESOLVED, That in accordance with the recommendations of the Director of
12 Property and the Director of MOHCD, the Board of Supervisors hereby approves and
13 authorizes the Director of Property (or his designee), along with the Director of MOHCD, to
14 accept the Deed and to execute and deliver the Lease on behalf of the City, and to execute
15 any such other documents that are necessary or advisable to complete the transaction
16 contemplated by the Deed and 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 of
19 Property (or his designee) and the Director of MOHCD, in consultation with the City Attorney,
20 to enter into any additions, amendments or other modifications to the Lease (including in each
21 instance, without limitation, the attachment of exhibits) that the Director of Property and
22 Director of MOHCD determine are in the best interests of the City, do not decrease the
23 revenues of the City in connection with the Property, or otherwise materially increase the
24 obligations or liabilities of the City, and are in compliance with all applicable laws, including the
25 City's Charter; and, be it

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

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6 RECOMMENDED:

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8 _____

9 Olson Lee
10 Director of the Mayor’s Office of Housing

11 _____
12 John Updike
13 Director of Property