

1 [Ground Lease of Redevelopment Agency Land for Kokoro Assisted Living Facility.]

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3 **Resolution approving the Redevelopment Agency of the City and County of San**  
4 **Francisco’s lease of land at Assessor’s Block 674, Lot 33, commonly known as 1881**  
5 **Bush Street, southeast corner of Bush and Laguna Streets, San Francisco, California**  
6 **(the “Site”) in the Western Addition A-2 Redevelopment Project Area, to the JAPANESE**  
7 **AMERICAN RELIGIOUS FEDERATION ASSISTED LIVING FACILITY, INC., a California**  
8 **nonprofit corporation, for 69 years, with a 30 year option to extend, for the purpose of**  
9 **maintaining a fully licensed assisted living facility for low- and moderate-income senior**  
10 **households with some market rate housing.**

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12 WHEREAS, The Agency and the City desire to preserve and increase the City’s supply  
13 of affordable housing and encourage affordable housing development through financial and  
14 other forms of assistance; and,

15 WHEREAS, In 1997, the Agency financed the construction of the improvements, which  
16 were to be used as a fully licensed assisted living facility providing 54 units (37 affordable and  
17 17 market rate) of housing for low- and moderate-income seniors, with program and service  
18 space and dining facilities for the residential units and other ancillary uses (the “Project”), on  
19 the site located at the southeast corner of Bush and Laguna Streets, Assessor’s Block 674,  
20 Lot 33, San Francisco, California, in the Western Addition A-2 Redevelopment Project Area  
21 (“Property”); and,

22 WHEREAS, The Project was in financial difficulty and was at risk of going out of  
23 business and must be refinanced to protect the Agency’s investment as well as to ensure  
24 continued, permanent, quality, affordable assisted living housing for low- and moderate-  
25 income seniors; and

WHEREAS, The Japanese American Religious Federation Assisted Living Facility, Inc., a California nonprofit corporation (“JALFI”), the prior owner of the Property, agreed to sell the Property to the Agency for fair market value and to continue to operate the Project in consideration of a 69 year ground lease, with a 30 year option to extend (“Ground Lease”) to allow JALFI to continue to operate the Project while allowing the Agency to ensure that the affordability of the housing and the assisted living services are maintained over the long term; and,

WHEREAS, JALFI’s annual rent obligation for the Site shall be \$1, plus JALFI will be obligated to repay the Agency’s loan, payable from operating income that exceeds operating expenses; and,

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

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

WHEREAS, The Agency prepared and submitted a report in accordance with the requirements of Section 33433 of the Health and Safety Code, including a copy of the proposed Ground Lease, and a summary of the transaction describing the cost of the Ground Lease to the Agency, the value of the property interest to be conveyed, the lease price and other information was made available for the public inspection; now, therefore, be it

RESOLVED, That the Board of Supervisors of the City and County of San Francisco does hereby find and determine that the lease of the Property from the Agency to the Japanese American Religious Federation Assisted Living Facility, Inc., a California nonprofit corporation: (1) will provide housing for low- and moderate-income seniors; (2) is consistent with the implementation plan for the Western Addition A-2 Redevelopment Project Area

adopted pursuant to Section 33490 of the California Health and Safety Code; (3) the proposed structure of the lease, including an annual rent value of \$1, is necessary to achieve affordability for low- and moderate-income senior households with assisted living services; and (4) the consideration to be received by the Agency is not less than the fair reuse value at the use and with the covenants and conditions and developments costs authorized by the Ground Lease; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby approves and authorizes the Agency to execute the Ground Lease of the Property from the Agency to the Japanese American Religious Federation Assisted Living Facility, Inc., a California nonprofit corporation, substantially in the form of the Ground Lease lodged with the Agency General Counsel, and to take such further actions and execute such documents as are necessary to carry out the Ground Lease on behalf of the Agency.