

File No. 160519

Committee Item No. 6  
Board Item No. \_\_\_\_\_

**COMMITTEE/BOARD OF SUPERVISORS**  
AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date May 25, 2016

Board of Supervisors Meeting

Date \_\_\_\_\_

**Cmte Board**

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| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
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**OTHER (Use back side if additional space is needed)**

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Completed by: Linda Wong Date May 20, 2016  
Completed by: Linda Wong Date \_\_\_\_\_

1 [Option to Ground Lease - 2070 Folsom Street - 2060 Folsom Housing, L.P. - For No Cost]

2  
3 **Resolution authorizing the execution and performance of an Option to Ground Lease in**  
4 **connection with a parcel located at 2070 Folsom Street (Assessor's Parcel Block**  
5 **No. 3571, Lot No. 031) for no cost, and which expires on June 30, 2018, between the**  
6 **City and County of San Francisco and 2060 Folsom Housing, L.P., a California limited**  
7 **partnership; adopting findings that the conveyance is consistent with the General Plan,**  
8 **and the eight priority policies of Planning Code, Section 101.1; and authorizing and**  
9 **directing the execution of any documents necessary to implement this Resolution, as**  
10 **defined herein.**

11  
12 WHEREAS, In May 2015, the Mayor's Office of Housing and Community Development  
13 ("MOHCD") issued a Request for Proposals ("RFP") to provide predevelopment financing for  
14 the development of family and supportive housing for low income families and homeless  
15 transitional age youth at the City-owned site; and

16 WHEREAS, Chinatown Community Development Center and Mission Economic  
17 Development Agency (the "Co-Sponsors") submitted a joint application in response to the  
18 RFP and were selected to be co-developers for the development of a minimum of 100 units  
19 for low income families and homeless transitional age youth (the "Project") to be located at  
20 2070 Folsom Street (Assessor's Block 3571, Lot 031) (the "Property"); and

21 WHEREAS, On January 15, 2016, the Citywide Affordable Housing Loan Committee  
22 approved MOHCD's selection of the Co-Sponsors to develop the Project on the Property; and

23 WHEREAS, An appraisal dated December 1, 2008 valued the original property  
24 including the adjacent park being developed by the Department of Recreation and Parks at  
25 \$6,300,000; and

1           WHEREAS, A new appraisal will be conducted on the housing parcel prior to execution  
2 of the ground lease; and

3           WHEREAS, MOHCD has negotiated and wishes to enter into an option to ground  
4 lease with 2060 Folsom Housing, L.P., a limited partnership formed and controlled by the Co-  
5 Sponsors (the "Option"), pursuant to which 2060 Folsom Housing, L.P. will have a right to  
6 enter into a ground lease for the Property in order to develop the Current Project (the "Ground  
7 Lease"), subject to certain terms and conditions set forth in the Option; and

8           WHEREAS, The Option expires on June 30, 2018, with an extension option for one  
9 additional 6-month period, and sets forth the material terms of the Ground Lease as follows:

10 (i) a term of 75 years with an extension option for 24 additional years; (ii) tenant shall be  
11 responsible for all property taxes and assessments levied against the Property; (iii) the  
12 Property shall be used during the term of the ground lease only for affordable housing with  
13 maximum rent and income levels set at no greater than 60% area median income; (iv) the  
14 annual rent shall be 10% of fair market value of the land as determined by an MAI appraiser  
15 prior to execution of the Ground Lease and shall consist of base rent in the amount of  
16 \$15,000 and the remainder in residual rent, which shall be payable only to the extent  
17 proceeds are available from the Project at all times thereafter; (v) the annual rent shall be  
18 adjusted on the fifteenth (15<sup>th</sup>) anniversary of the expiration of the first full calendar lease year  
19 and every fifteen (15) years thereafter, and shall be equal to ten percent (10%) of then  
20 appraised value of the land as determined by a MAI appraiser selected by, and at the sole  
21 cost of, the tenant; any such adjustment shall be made to the residual rent and not the base  
22 rent; (vi) tenant shall be responsible for construction, operation and maintenance of the  
23 Property; (vii) the City will own fee title to the land and the tenant will own fee title to all  
24 improvements; (viii) at the end of the term, fee title to all the improvements shall vest in the  
25 City; (ix) the Ground Lease shall include standard mortgagee protection provisions; (x) the

1 City will provide any notice of and defaults to the tenant and the tenant's limited partners and  
2 lenders and allow any such parties the right to cure such default; (xi) the tenant can encumber  
3 its leasehold interest to secure loans, as approved by MOHCD; and

4 WHEREAS, In order to consummate the ground lease of the Property, the Board of  
5 Supervisors desires to authorize the execution, delivery and performance of the Option and, if  
6 the Sponsor exercises the Option, the Ground Lease (collectively, the "Transaction  
7 Documents"); and

8 WHEREAS, Approval of this Resolution shall not be construed as approval of the  
9 Project. The City will conduct environmental review of the proposed Project, following further  
10 design development and study, under the California Environmental Quality Act ("CEQA") and  
11 nothing in this Resolution implements any approvals or facilities for the Project, or grants any  
12 entitlements to the Co-Sponsors or the Partnership. The City retains absolute discretion to:  
13 (1) modify the Project to mitigate significant adverse environmental impacts, (2) select  
14 feasible alternatives which avoid significant adverse impacts of the Project, (3) require the  
15 implementation of specific measures to mitigate the significant adverse environmental impacts  
16 of the Project, (4) reject the Project as proposed if the economic and social benefits of the  
17 Project do not outweigh otherwise unavoidable significant adverse impacts of the Project, or  
18 (5) approve the Project upon a finding that the economic and social benefits of the Project  
19 outweigh otherwise unavoidable significant adverse impacts; and

20 WHEREAS, By General Plan Referral dated September 13, 2011, the Department of  
21 City Planning adopted and issued a General Plan Consistency Finding, a copy of which is on  
22 file with the Clerk of the Board, wherein the Department of City Planning found that the  
23 acquisition and ground lease of the Property are consistent with the City's General Plan and  
24 with the Eight Priority Policies under Planning Code Section 101.1; now, therefore, be it  
25

1 RESOLVED, That the Board of Supervisors hereby finds that the ground lease terms  
2 contained in the Option of the Property are consistent with the General Plan, and with the  
3 eight Priority Policies of Planning Code Section 101.1 for the same reasons as set forth in the  
4 General Plan Referral, dated September 13, 2011, and hereby incorporates such findings by  
5 reference as though fully set forth in this Resolution; and, be it

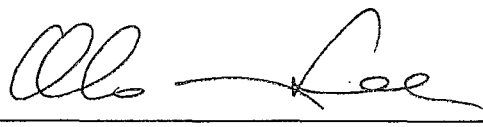
6 FURTHER RESOLVED, That in accordance with the recommendation of the Director  
7 of Property and the Director of MOHCD, the Board of Supervisors approves the Transaction  
8 Documents, and authorizes the Director of Property (or his designee) and the Director of  
9 MOHCD (or his designee) to execute and deliver the Transaction Documents and any such  
10 other documents that are necessary or advisable to complete the transaction contemplated by  
11 the Transaction Documents, including the Ground Lease (if the Sponsor exercises the  
12 Option); and, be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
14 Property (or his designee) and the Director of MOHCD (or his designee), in consultation with  
15 the City Attorney, to enter into any additions, amendments or other modifications to the  
16 Transfer Agreement, the Option and, if the Option is exercised, the Ground Lease, and any  
17 other documents or instruments necessary in connection therewith, that the Director of  
18 Property and the Director of MOHCD determine are in the best interests of the City, do not  
19 materially decrease the benefits to the City with respect to the Property, do not materially  
20 increase the obligations or liabilities of the City, and are necessary or advisable to complete  
21 the transaction contemplated therein and that effectuate the purpose and intent of this  
22 Resolution, such determination to be conclusively evidenced by the execution and delivery by  
23 the Director of Property (or his designee) and the Director of MOHCD (or his designee) of any  
24 such additions, amendments, or other modifications; and, be it

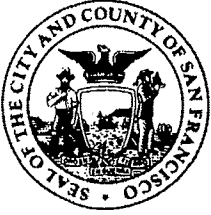
1           FURTHER RESOLVED, That all actions authorized and directed by this Resolution  
2 and heretofore taken are hereby ratified, approved and confirmed by this Board of  
3 Supervisors.

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6           RECOMMENDED:

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9 \_\_\_\_\_  
10 John Updike, Director of Property

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12 \_\_\_\_\_  
13 Olson Lee, Director, Mayor's Office of Housing and Community Development  
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**MAYOR'S OFFICE OF HOUSING AND  
COMMUNITY DEVELOPMENT  
CITY AND COUNTY OF SAN FRANCISCO**



**EDWIN M. LEE**  
MAYOR

**OLSON LEE**  
DIRECTOR

May 9, 2016

Supervisor Campos  
City and County of San Francisco  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place  
City Hall, Room 244  
San Francisco, CA 94102

RE: Resolution Authorizing Application to the California Debt Limit Allocation Committee for Multifamily Housing Revenue Bonds and Resolution authorizing execution and performance of an Option to Ground Lease for 2060 Folsom Housing

Dear Supervisor Campos,

The Mayor's Office of Housing and Community Development wishes to forward the attached resolutions for introduction at the Board of Supervisors on May 10, 2016, to authorize a bond application for bond financing and for the sponsor to gain site control through an Option to Ground Lease of 2060 and 2070 Folsom Street, known as 2060 Folsom Housing.

The bond inducement resolution authorizes the Mayor's Office of Housing and Community Development to submit an application and related documents to the California Debt Limit Allocation Committee (CDLAC) to permit the issuance of qualified mortgage revenue bonds in an amount not to exceed \$140 million for the affordable family housing with a Transition Age Youth (TAY) supportive housing component. Should we receive authority, we would need to return to the Board for permission to actually issue the bonds. Funds generated from the issuance and sale of the bonds would be used to finance construction of the project.

The Option to Ground Lease resolution authorizes the execution and performance of an Option to Ground Lease in the amount of \$0 which expires on June 30, 2018 between the City and 2060 Folsom Housing L.P. This Option to Ground Lease provides the necessary site control required for a successful CDLAC bond application.

Project Summary

As you know, Mission Economic Development Agency (MEDA) and Chinatown Community Development Center (Chinatown CDC) are the co-sponsors selected by the San Francisco

Mayor's Office of Housing and Community Development (MOHCD) to develop 2070 Folsom Street (the address will subsequently be changed to include 2060 Folsom Street). The new building will be anchored by up to 139 apartments affordable to low-income families and to Transition-Age Youth with household incomes up to 60% of the Area Median Income. The approximately 139 apartments will consist of 38 Three-Bedroom Units, 58 Two-Bedroom Units, 22 One-Bedroom Units, and 21 Studios. The ground floor of 2060 Folsom Street will offer community services -- including a preschool, infant/toddler care, and afterschool youth programs operated by Mission District organizations -- and a retail space intended for a cafe. Overlooking the new park at 17th & Folsom, the building also may include public restrooms to serve park users.

The proposed schedule for the CDLAC application is as follows:


- **Introduce Inducement Resolution and Option to Ground Lease** 5/10/16
- **Budget and Finance Committee:** 5/25/16
- **BOS legislation full board:** 6/7/16
- Submit CDLAC application: 6/14/16
- Close bonds and enter into ground lease: Between December 2017 and March 2018

The Mayor's Office of Housing and Community Development has previously issued bonds for rental housing. These financings are conduit financings, which do not require the City to pledge repayment of the bonds. Rather, the bondholders' only recourse for payment are the project revenues themselves and the credit enhancement provided by lenders.

In order to meet the June 14, 2016 CDLAC application submittal date, the resolution needs to be introduced at the Board on May 10, and be considered by the full Board on June 7, 2016 at latest. We greatly appreciate any assistance you can provide to help meet this schedule.

The attached resolutions have been approved as-to-form by Deputy City Attorney Kenneth Roux (inducement resolution) and Beth Anderson (option to ground lease resolution). I am enclosing a brief description of the project for your review. If you have any questions about the resolution or the project, please contact Anne Romero at 701-5525. Thank you for your assistance.

Sincerely,



Olson Lee  
Director

cc: Elaine Yee, MEDA  
Shannon Dodge, CCDC



## OPTION TO LEASE AGREEMENT

This Option to Lease Agreement (this “**Agreement**”) is entered into as of this \_\_\_\_ day of \_\_\_\_\_ 2016, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**City**”), acting by and through the Mayor’s Office of Housing and Community Development (“**MOHCD**”), and 2060 FOLSOM HOUSING, L.P., A California Limited Partnership, and its permitted successors and assigns hereunder (the “**Optionee**”), with reference to the following facts:

### RECITALS

A. The City is the fee owner of that certain real property and the improvements thereon, located at 2070 Folsom Street, San Francisco and more particularly described in Exhibit A attached hereto (the “**Property**”).

B. Optionee desires to develop the Property with approximately 139 units (consisting of studio, 1-BR, 2-BR and 3-BR units) for low income families and transitional age youth with ground floor community serving uses (the “**Project**”). In order to develop the Project, Optionee desires to enter into a ground lease with the City in which the City will lease to Optionee the Property subject to certain conditions as provided herein.

C. Optionee intends to develop the Project with 4% Low Income Housing Tax Credits and other sources.

D. In order to apply for Project financing, Optionee desires to obtain from the City, and the City desires to grant to Optionee, upon the specific terms and conditions set forth in this Agreement, the exclusive right and option to lease the Property.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED IN THIS AGREEMENT, THE PARTIES AGREE AS FOLLOWS:

### AGREEMENT

Section 1. Grant of Option. The City grants to Optionee the option to lease the Property and construct improvements to be located thereon for the consideration and under the terms and conditions set forth in this Agreement (the “**Option**”).

Section 2. Term of Option: Exercise.

a. Term and Extension of Term. The term of the Option (the “**Term**”) shall be for a period commencing on the date of this Agreement and ending June 30, 2018, (the “**Initial Term**”) unless extended. So long as the Optionee is not then in default, Optionee may request an extension of the Term for an additional six (6) months (the “**Extended Term**”) by giving written notice to the City between the date that is thirty (30) days prior to the expiration of the Initial Term and at any time before the expiration of the Initial Term. The Extended Term shall commence on 12:01 A.M. on the day immediately following the expiration of the Initial Term and shall end on December 31, 2018. All references in this Agreement to the Term shall mean the Initial Term, and if extended as set forth above, the Extended Term. During the Term, Optionee and City staff agree to negotiate in good faith to complete all of the terms

and conditions of the ground lease of the Property from the City to Optionee consistent with this Agreement (upon completion of such negotiations, the “**Ground Lease**”). The final terms of the Ground Lease must be agreed to by Optionee, the City’s Director of Property, and the MOHCD Director or her/his designee, in writing, before Optionee’s exercise of the Option. The Term shall end on the date set forth above or, if earlier, on the effective date of the Ground Lease.

b. Exercise of Option. At any time following approval of the Ground Lease by the City’s Director of Property and the MOHCD Director and before the expiration of the Term, and so long as the Optionee is not then in default under this agreement or any other agreements with the City, Optionee may exercise the Option by giving written notice to the City (the “**Option Notice**”).

c. Expiration. The Option shall expire at midnight on the last day of the Term. If the expiration of the Term falls on a Saturday, Sunday or legal holiday in the State of California, then the Option may be exercised on the next following business day. Upon termination of the Option and a written request by the City, Optionee shall sign and deliver a quitclaim deed or such other document as may be reasonably required by the City to evidence the termination of the Option.

d. CEQA. In addition, the Parties acknowledge and agree that as a condition precedent to Optionee’s right to exercise the Option, all applicable environmental review must be completed, including but not limited to review under the California Environmental Quality Act (CEQA). Notwithstanding anything to the contrary in this Agreement, no Party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Property, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Ground Lease for the Property.

Section 3. Option Consideration. The Option is granted in consideration of Optionee’s obligation to negotiate in good faith for the Ground Lease and for advancement of the Project. The Option consideration is related to the Option only and in no way relates to Ground Lease payments that will be owed to MOHCD.

Section 4. Ground Lease of the Property. MOHCD staff shall prepare the initial form of ground lease substantially in the form used by MOHCD for projects in which MOHCD is the fee owner of property that will be developed for affordable housing. The Ground Lease shall be in accordance with the following:

i. Term of Ground Lease. The Ground Lease shall become effective immediately following the full execution by the parties and shall end seventy-five (75) years from the date of construction completion of the Project, provided that the tenant shall have an

option to extend the term for an additional twenty-four (24) years for no additional consideration (but rent shall continue during any extended term as set forth below).

- ii. Taxes and Assessments. The tenant shall be responsible for the payment of any and all property taxes and assessments levied against the leasehold estate and the Property during the term of the Ground Lease subject to any abatement available therefrom.
- iii. Project Use. The Property shall be used during the term of the Ground Lease only for affordable housing, with maximum rent and income levels set at no greater than 60% Area Median Income ("AMI") as determined by the United States Department of Housing and Urban Development for the San Francisco area, adjusted solely for household size, but not high housing cost area, and approved ancillary uses, including community serving uses. If required by the Project's tax credit investor based on the Project's residual value analysis test, and if approved by the MOHCD Director in his or her reasonable discretion, the Ground Lease may permit increases in the maximum rent and income levels after the 55th year of the Ground Lease term, but such increases shall be limited only to the extent necessary to satisfy the Project's residual value analysis test.
- iv. Rent. The tenant shall pay the landlord annual rent in the amount of ten percent (10%) of the land value of the Property (as determined by a MAI appraiser selected by, and at the sole cost of, the tenant, and set forth in the Ground Lease), consisting of \$15,000 in base rent and the remainder in residual rent. Unpaid base rent shall accrue without interest. The residual rent shall be payable only to the extent proceeds are available from the Project after deductions for Project operating expenses, mandatory debt service payments, property management fees, reserve deposits required by Project lenders, deferred developer fees, and asset and partnership management fees in amounts permitted in accordance with the then-current MOHCD policy. Unpaid residual rent shall not accrue. If required by the Project's tax credit investor based on the Project's residual value analysis test, and if approved by the MOHCD Director in his or her reasonable discretion, residual rent shall only be payable after full repayment of any residual receipts Project financing provided by MOHCD. The annual rent shall be adjusted on the fifteenth (15<sup>th</sup>) anniversary of the expiration of the first full calendar lease year and every fifteen (15) years thereafter, and shall be equal to ten percent (10%) of then appraised value of the land as determined by a MAI appraiser selected by, and at the sole cost of, the tenant. Any such adjustment shall be made to the residual rent and not the base rent.

- v. Construction and Operation of the Project. The tenant shall be responsible, at its sole cost, for construction, operation, and maintenance of the Project during the Ground Lease term.
- vi. Title to Property. The Ground Lease shall provide that the City will own fee title to the land, and the Optionee will own fee title to all improvements constructed or otherwise located on the land, during the Ground Lease term.
- vii. Disposition of Improvements at End of Lease. At the end of the Ground Lease term, fee title to all the improvements shall vest in the City without further action of any party, without any obligation by the City to pay any compensation therefor to the tenant and without the necessity of a deed from the tenant to the City.
- viii. Mortgagee Protections. The Ground Lease shall include standard mortgagee protection provisions.
- ix. Defaults; Right to Cure. The City will provide any notice of any defaults under the Ground Lease to the tenant's limited partners and lenders, and allow any such parties the right to cure a default by the tenant under the Ground Lease. Pursuant to the terms of the Ground Lease, City shall not be entitled to terminate the Ground Lease following any uncured default by the tenant during the fifteen (15) year tax credit compliance period for the Project, except if such default is failure to pay rent.
- x. Encumbrances. The Ground Lease will permit the tenant to encumber its leasehold interest in the Property to secure any loans deemed necessary by the tenant, as approved by MOHCD. Any funds from a loan secured by the Property must be used for the development, maintenance, rehabilitation or operation of the Property.

Section 5. Closing.

a. Expenses. All expenses, fees or costs (except attorneys' fees and costs) incurred in connection with the Ground Lease of the Property, including but not limited to city and county documentary transfer tax, conveyance taxes, recording charges (if any), and costs of title insurance shall be borne by the Optionee. Each party shall bear its own attorneys' fees and costs incurred in connection with negotiation and execution of this Agreement and the Ground Lease.

b. Proration of Taxes. Real property taxes on the Property shall be prorated as of the date of closing of the Ground Lease.

c. Title Insurance. The closing of the Ground Lease shall be conditioned on the issuance to the tenant of an ALTA leasehold policy of title insurance, from a

title company chosen by the tenant, insuring the tenant's leasehold interest in the Property subject only to reasonable exceptions approved by the tenant.

Section 6. Notices. All notices or other communications made pursuant to this Agreement shall be in writing and shall be deemed properly delivered, given or served to the parties at the following addresses when (i) mailed by certified mail, postage prepaid, return receipt requested; (ii) sent by express delivery service, charges prepaid with a delivery receipt; or (iii) personally delivered when a delivery receipt is obtained:

City: City and County of San Francisco Mayor's Office of Housing and  
Community Development  
1 South Van Ness Avenue, 5<sup>th</sup> Floor  
San Francisco, CA 94103  
Attn: Director

*with a copy to:* Real Estate Division  
City and County of San Francisco  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102  
Attn: Director of Property

Optionee: 2060 Folsom Housing, L.P.  
1525 Grant Ave  
San Francisco, CA 9133  
Attn: Norman Fong

*with a copy to:* MEDA  
Plaza Adelante  
2301 Mission Street, Suite 301  
San Francisco, CA 94110  
Attn: Luis Granados

All notices so delivered, mailed or sent shall be deemed received as of the date shown on the delivery receipt as the date of delivery, the date delivery was refused or the date the notice was returned as undeliverable. Either party may change its address for the purposes of this paragraph by giving prior written notice of the change to the other party in the manner provided in this Section 6. Any notice required under this Agreement that is sent by a Party shall be sent to, or contemporaneously copied to, all of the other Parties.

Section 7. Assignment of Option. Without the prior written consent of the City, Optionee may assign its rights and obligations under this Agreement to any limited liability company in which Chinatown Community Development Center and Mission Economic Development Agency, or their respective corporate affiliates, are managing members, or a limited partnership in which Chinatown Community Development Center and Mission Economic Development Agency, or their respective corporate affiliates, are general partners. Optionee

shall provide written notice and a copy of an assignment agreement executed by Optionee and its permitted assignee within five (5) business days after such assignment of this Agreement. All other transfers by Optionee shall require the prior written consent of the City.

Section 8. Binding Effect. This Agreement and its terms and conditions shall bind upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns. By approving this Agreement, the City's Board of Supervisors approves the Ground Lease with the substantive terms described in Section 4 without the need for additional action by the Board of Supervisors; provided, if there are any material changes that are to the detriment of the City, as determined by the MOHCD Director, then such material changes will be subject to Board of Supervisors approval before the Ground Lease becomes effective.

Section 9. Time. Time is of the essence of this Agreement.

Section 10. Further Documents. Upon the reasonable request of the other party, each party will execute, acknowledge and deliver or cause to be executed, acknowledged and delivered, such further instruments and documents as may be reasonably necessary in order to carry out the intent and purpose of this Agreement, including escrow instructions.

Section 11. Commission. Each party to this Agreement represents to the other party that it has not engaged or used the services of any person, firm or corporation that may claim a broker's commission or finder's fee upon execution of this Agreement or the Ground Lease, and each party to this Agreement agrees to hold the other party harmless from any loss, damage, expense or liability, including attorney's fees, resulting from any claim by any person, firm or corporation based upon its having acted as broker or finder on behalf of said indemnifying party.

Section 12. Captions. The captions of the paragraphs of this Agreement are for convenience and reference only, and the words contained in the captions shall in no way be held to explain, modify, amplify or aid in the interpretations, constructions or meaning of the provisions of this Agreement.

Section 13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

Section 14. Entire Agreement; Signatures. This Agreement contains the entire agreement between the parties respecting the matters set forth, and supersedes all prior agreements between the parties respecting the matters set forth.

Section 15. Attorneys' Fees. In any action between Optionee and the City to enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to recover costs of suit and expenses including, without limitation, reasonable attorneys' fees.

Section 16. Sunshine Ordinance. Optionee understands and agrees that under City's Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov. Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to City hereunder public records subject to public

disclosure. Optionee hereby acknowledges that City may disclose any records, information and materials submitted to City in connection with this Agreement.

Section 17. Prohibition Against Making Contributions to City. Through its execution of this Agreement, Optionee acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Optionee acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more.

Section 18. Conflicts of Interest. Through its execution of this Agreement, Optionee acknowledges that it is familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Optionee becomes aware of any such fact during the term of this Agreement, Optionee shall immediately notify the City.

Section 19. Effective Date. Notwithstanding anything to the contrary contained herein, this Agreement shall not be effective until the date on which the City's Board of Supervisors and Mayor enact a resolution approving and authorizing this Agreement and the transactions contemplated hereby, following execution of this Agreement by both parties.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, OPTIONEE ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS AGREEMENT UNLESS AND UNTIL APPROPRIATE LEGISLATION OF CITY'S BOARD OF SUPERVISORS SHALL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH LEGISLATION, AND THIS AGREEMENT SHALL BE NULL AND VOID IF CITY'S BOARD OF SUPERVISORS AND MAYOR DO NOT APPROVE THIS AGREEMENT, IN THEIR RESPECTIVE SOLE DISCRETION.

[Signatures appear on following page]

IN WITNESS WHEREOF, Optionee and the City have executed this Agreement as of the date first written above.

**CITY:**

**OPTIONEE:**

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

2060 Folsom Housing, L.P., a California limited partnership

By: \_\_\_\_\_  
John Updike  
Director of Property

By: CCDC 2060 Folsom LLC,  
a California limited liability company,  
its co-general partner

By: \_\_\_\_\_  
Olson Lee  
Director, Mayor's Office of Housing  
and Community Development

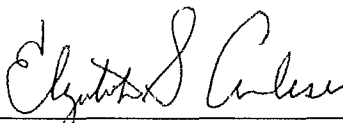
By: Chinatown Community  
Development Center, Inc.  
a California nonprofit public  
benefit corporation,  
its sole manager/member

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

APPROVED AS TO FORM:  
DENNIS J. HERRERA  
City Attorney

By:  \_\_\_\_\_  
Deputy City Attorney

By: MEDA 2060 Folsom LLC,  
a California limited liability company,  
its co-general partner

By: Mission Economic  
Development Agency  
a California nonprofit public  
benefit corporation,  
its sole manager/member

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_



EXHIBIT A

Property Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Portion of Lot 018 Block 3571 as highlighted on the attached parcel map as Parcel B



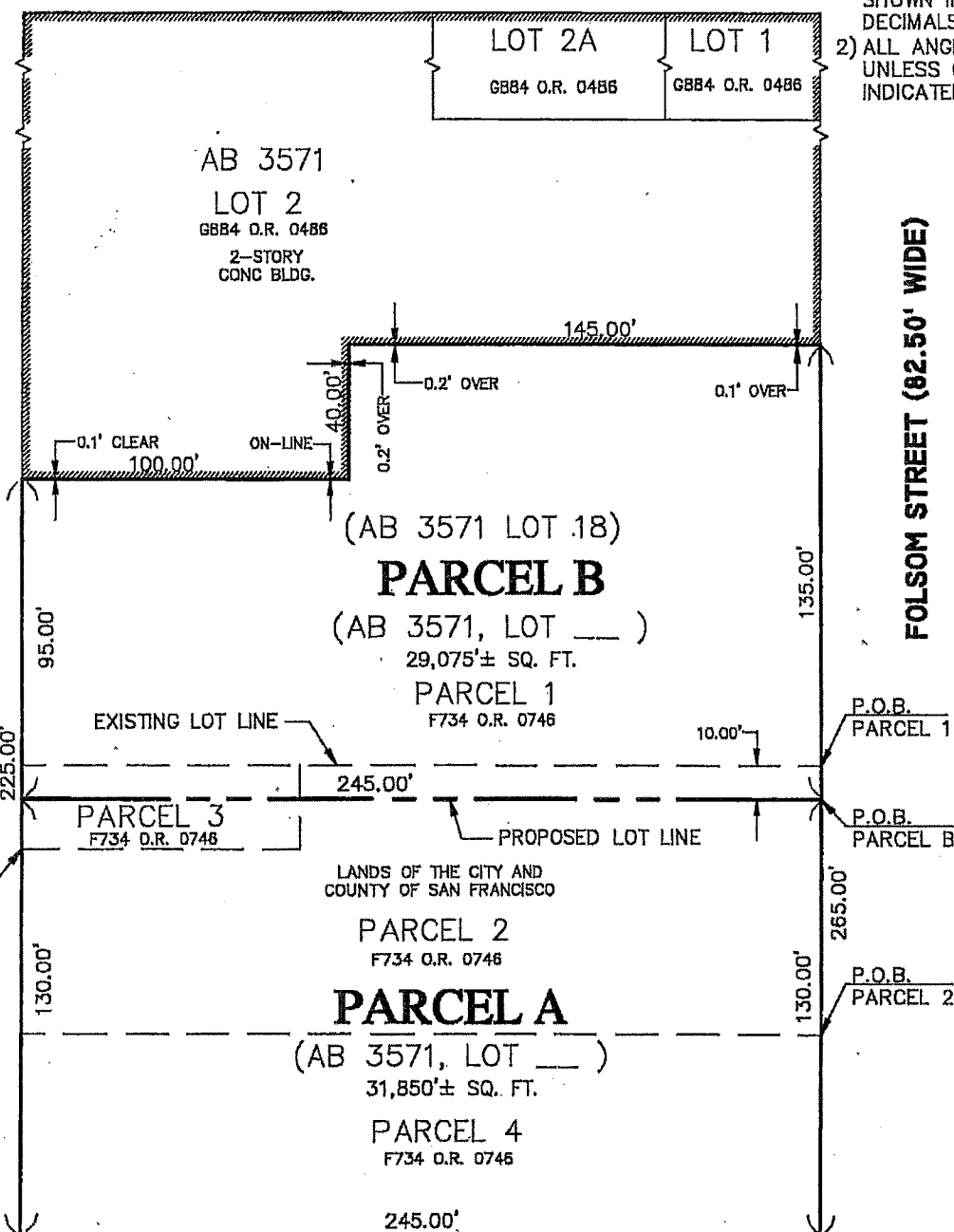
16TH STREET (80.00' WIDE)

**NOTES**

- 1) ALL DISTANCES ARE SHOWN IN FEET AND DECIMALS THEREOF.
- 2) ALL ANGLES ARE 90°, UNLESS OTHERWISE INDICATED.

SHOTWELL STREET (60.00' WIDE)

FOLSOM STREET (82.50' WIDE)



17TH STREET (64.00' WIDE)

**LEGEND**

- PROPOSED PROPERTY LINE (P)
- EXISTING PARCEL LINE(S) TO BE REMOVED
- AB ASSESSOR'S BLOCK
- P.O.B. POINT OF BEGINNING

P.O.B.  
PARCEL A  
AND  
PARCEL 4

SCALE: 1"=50'

**EXHIBIT**

PLAT TO ACCOMPANY LEGAL DESCRIPTIONS  
 LOT LINE ADJUSTMENT  
 OF THOSE CERTAIN LANDS DESCRIBED IN F734 O.R. 0746  
 CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA

Δ	BY	DATE	REVISIONS





16 TH

EXHIBIT "A"

2801

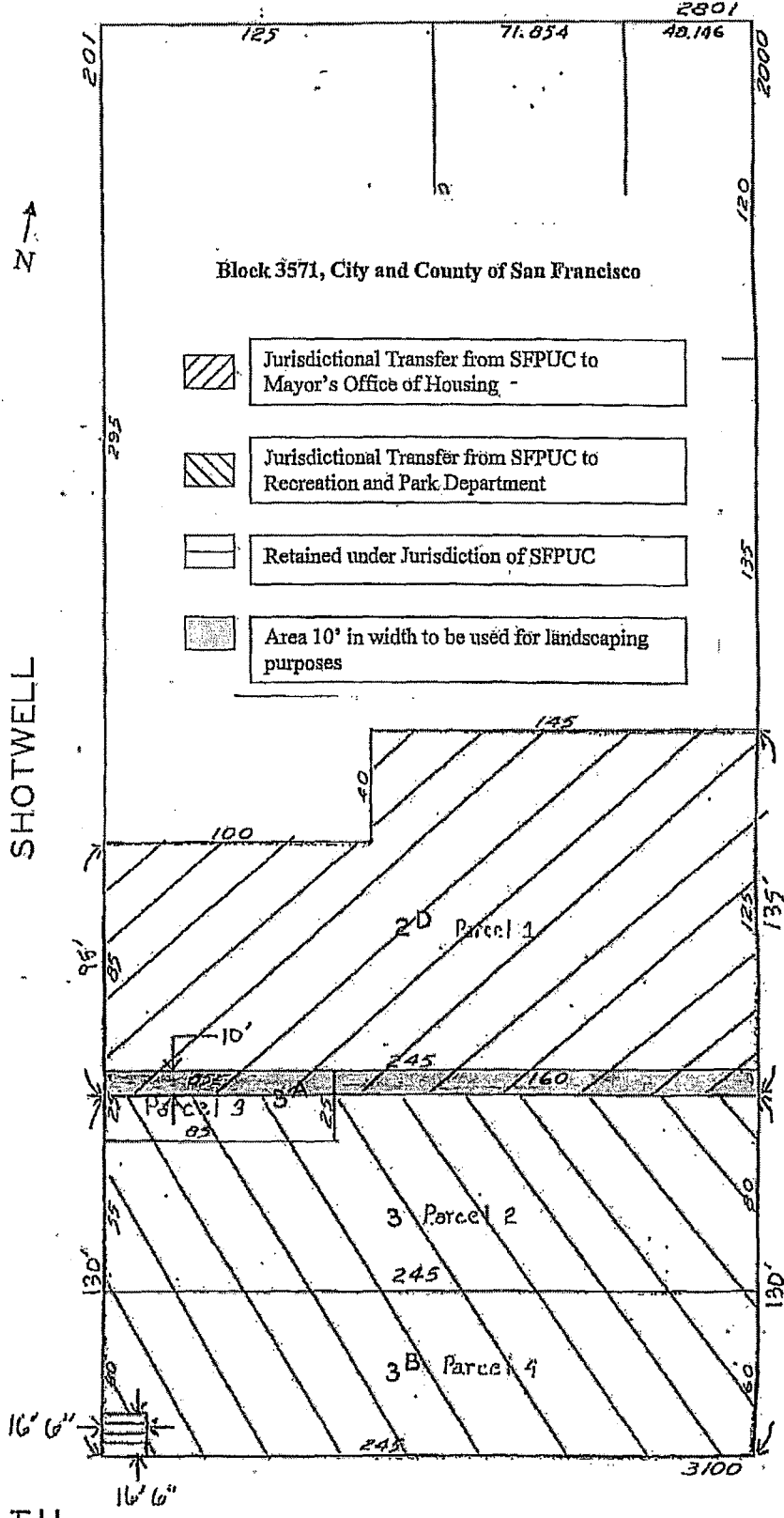


Block 3571, City and County of San Francisco

-  Jurisdictional Transfer from SFPUC to Mayor's Office of Housing
-  Jurisdictional Transfer from SFPUC to Recreation and Park Department
-  Retained under Jurisdiction of SFPUC
-  Area 10' in width to be used for landscaping purposes

SHOTWELL

FOLSOM



17 TH



# SAN FRANCISCO PLANNING DEPARTMENT

## General Plan Referral

**Date:** September 13, 2011

**Case No.** Case No. 2009.1163R  
17<sup>th</sup> and Folsom - Subdivide City-owned property,  
Transfer Property and Construct Public Park

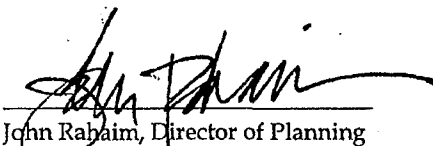
**Block/Lot No.:** Block 3571 Lot 018

**Project Sponsor:** John Updike  
Acting Director  
City and County of San Francisco Real Estate Division  
25 Van Ness Avenue, Suite 400  
San Francisco, CA 94102

**Applicant:** Same as Above

**Staff Contact:** Sue Exline - (415) 558-6332  
Susan.Exline@sfgov.org

**Recommendation:** Finding the project, on balance, in conformity with the General Plan.

**Recommended By:**   
John Rahaim, Director of Planning

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

### PROJECT DESCRIPTION

The Project calls for several actions related to a City-owned parcel (Lot 18 in Assessor's Block 3571). The 60,900 square foot property is under the jurisdiction of the Public Utilities Commission (PUC) and is used as a parking lot. The Project includes the following actions:

1. Subdividing the lot into two parcels, Parcel A and Parcel B. Parcel A, the southern parcel, would be approximately 31,850 square feet in size; Parcel B would be approximately 29,075 square feet in size. The parcels are shown in Attachment 1.
2. The PUC would transfer one lot (Parcel A) to Recreation and Parks Department and the other (Parcel B) to the Mayor's Office of Housing.
3. The Recreation and Park Department would construct a public park on the parcel that the Recreation and Parks Department would purchase.

**GENERAL PLAN REFERRAL  
17<sup>TH</sup> AND FOLSOM LOT SPLIT AND JURISDICTIONAL TRANSFER--**

**CASE NO. 2009.1163R**

Parcel B is not proposed for housing or other development at this time. Should development be proposed in the future, the Mayor's Office of Housing would be required to file for a separate General Plan Referral application and request any associated environmental review.

**SITE DESCRIPTION AND PRESENT USE**

The subject parcel is located on 17<sup>th</sup> Street between Folsom and Shotwell. The site is currently a parking lot leased to UCSF.

**ENVIRONMENTAL REVIEW**

The Environmental Planning Section of the Department determined that the subject Project was analyzed in the earlier actions, and that they are non-physical events, and are exempt from Environmental Review pursuant to Sec. 15060(c)(2) of CEQA Guidelines.

**GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION**

The Project is consistent with the Eight Priority Policies of Planning Code Section 101.1 as described in the body of this letter and is, on balance, **in-conformity** with the following Objectives and Policies of the General Plan:

Note: General Plan policies and objectives are in bold font. Staff discussion is in *italics*

**RECREATION AND OPEN SPACE ELEMENT**

**POLICY 2.1**

**Provide an adequate total quantity and equitable distribution of public open spaces throughout the City.**

**POLICY 2.7**

**Acquire additional open space for public use.**

**POLICY 2.9**

**Maintain and expand the urban forest.**

**POLICY 2.12**

**Expand community garden opportunities throughout the City.**

**OBJECTIVE 4**

**PROVIDE OPPORTUNITIES FOR RECREATION AND THE ENJOYMENT OF OPEN SPACE IN EVERY SAN FRANCISCO NEIGHBORHOOD.**

**Policy 4.2:**

Maximize joint use of other properties and facilities.

**Policy 4.6:**

Assure the provision of adequate public open space to serve new residential development.

*Comment: The Project would build a public park which proposes a cutting edge design that meets environmental sustainability goals and serves the surrounding neighborhoods through active recreational space and informal, passive gathering spaces.*

**MISSION AREA PLAN**

**OBJECTIVE 2.1**

**ENSURE THAT A SIGNIFICANT PERCENTAGE OF NEW HOUSING CREATED IN THE MISSION IS AFFORDABLE TO PEOPLE WITH A WIDE RANGE OF INCOMES**

**POLICY 2.1.2**

Provide land and funding for the construction of new housing affordable to very low- and low-income households.

**POLICY 2.1.3**

Provide units that are affordable to households at moderate and "middle incomes" – working households earning above traditional below-market rate thresholds but still well below what is needed to buy a market-priced home, with restrictions to ensure affordability continues.

**OBJECTIVE 2.6**

**CONTINUE AND EXPAND THE CITY'S EFFORTS TO INCREASE PERMANENTLY AFFORDABLE HOUSING PRODUCTION AND AVAILABILITY**

**POLICY 2.6.1**

Continue and strengthen innovative programs that help to make both rental and ownership housing more affordable and available.

**POLICY 2.6.2**

Explore housing policy changes at the citywide level that preserve and augment the stock of existing rental and ownership housing.

**POLICY 2.6.3**

Research and pursue innovative revenue sources for the construction of affordable housing, such as tax increment financing, or other dedicated City funds.

**GENERAL PLAN REFERRAL  
17TH AND FOLSOM LOT SPLIT AND JURISDICTIONAL TRANSFER--**

**CASE NO. 2009.1163R**

*Comment: Parcel B would be transferred to the Mayor's Office of Housing. However, the site is not proposed for housing or other development at this time. Should development be proposed in the future, the Mayor's Office of Housing would be required to file for a separate General Plan Referral application and request any associated environmental review.*

**OBJECTIVE 5.1**

**PROVIDE PUBLIC PARKS AND OPEN SPACES THAT MEET THE NEEDS OF RESIDENTS, WORKERS AND VISITORS**

**POLICY 5.1.1**

**Identify opportunities to create new public parks and open spaces and provide at least one new public park or open space serving the Mission.**

*Comment: The Project would provide a site for a new park, and may provide a location for future affordable housing, meeting many of the policy goals of the Mission Area Plan.*

**URBAN DESIGN ELEMENT**

**OBJECTIVE 1:**

**EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.**

**POLICY 1.6**

**Make centers of activity more prominent through design of street features and by other means.**

**POLICY 1.8**

**Increase the visibility of major destination areas and other points for orientation.**

**OBJECTIVE 4:**

**IMPROVEMENT OF THE NEIGHBORHOOD ENVIRONMENT TO INCREASE PERSONAL SAFETY, COMFORT, PRIDE AND OPPORTUNITY.**

**POLICY 4.11**

**Make use of street space and other unused public areas for recreation, particularly in dense neighborhoods, such as those close to downtown, where land for traditional open spaces is more difficult to assemble.**

**POLICY 4.13**

**Improve pedestrian areas by providing human scale and interest.**



*Comment: The project would emphasize and reinforce the existing scale and character of the neighborhood through the implementation of the jurisdictional transfers, and property transfers that would encourage a number of proposed improvements to the pedestrian realm.*

PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

Eight Priority Policies Findings

The subject project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

*The Project would have no adverse effect on neighborhood serving retail uses or opportunities for employment in or ownership of such businesses.*

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.

*The Project would have no adverse effect on the City's housing stock or on neighborhood character.*

3. That the City's supply of affordable housing be preserved and enhanced.

*The Project would have no adverse effect on the City's supply of affordable housing.*

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

*The Project would not result in commuter traffic impeding MUNI's transit service, overburdening the streets or altering current neighborhood parking.*

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced.

*The Project would not affect the existing economic base in this area.*

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

*The Project would not adversely affect achieving the greatest possible preparedness against injury and loss of life in an earthquake.*

7. That landmarks and historic buildings be preserved.

*The project does not involve any historic buildings.*

8. That our parks and open space and their access to sunlight and vistas be protected from development.

*The project does not affect access to sunlight on our open spaces. It will protect and enhance the City's open space resources and would create a new public park.*

**RECOMMENDATION:**

**Finding the Project, on balance, in-conformity with the General Plan.**

G:\Word\Gen Plan Referrals\2009.1163R 17th and Folsom subdiv\_transfer\_park draft with ss comments.doc

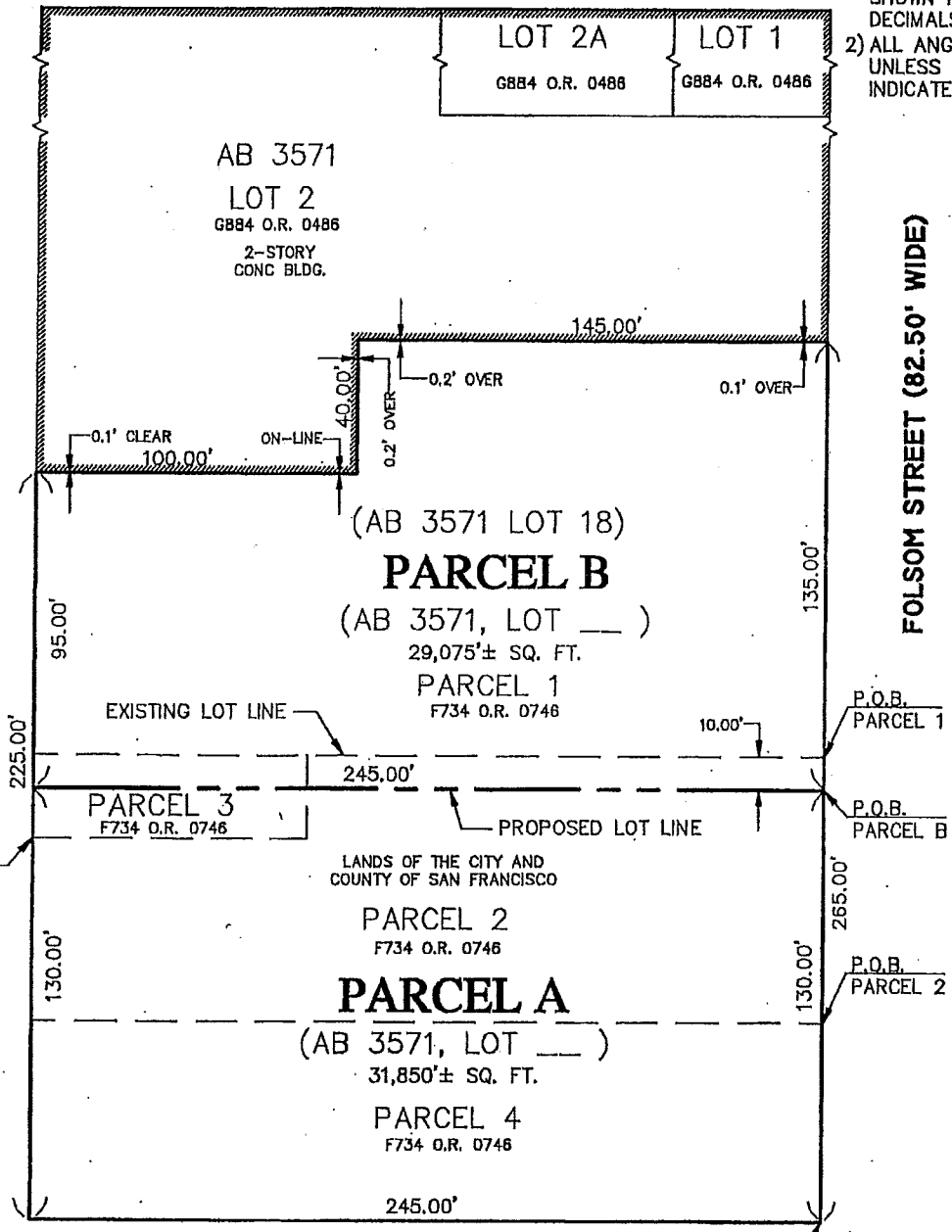


**16TH STREET (80.00' WIDE)**

- NOTES**
- 1) ALL DISTANCES ARE SHOWN IN FEET AND DECIMALS THEREOF.
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**FOLSOM STREET (82.50' WIDE)**



**17TH STREET (64.00' WIDE)**

**LEGEND**

- PROPOSED PROPERTY LINE (PL)
- EXISTING PARCEL LINE(S) TO BE REMOVED
- AB ASSESSOR'S BLOCK
- P.O.B. POINT OF BEGINNING

SCALE: 1"=50'

**EXHIBIT**

PLAT TO ACCOMPANY LEGAL DESCRIPTIONS  
LOT LINE ADJUSTMENT  
OF THOSE CERTAIN LANDS DESCRIBED IN F734 O.R. 0746  
CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA

Δ	BY	DATE	REVISIONS

Print Form

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [ ] inquires"
- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission     Youth Commission     Ethics Commission
- Planning Commission     Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**

**Sponsor(s):**

Campos

**Subject:**

Option to Ground Lease in the amount of \$0 -- 2060 Folsom Housing, L.P. -- 2070 Folsom Street

**The text is listed below or attached:**

[ ]

Signature of Sponsoring Supervisor: *David Campos*

**For Clerk's Use Only:**