

1 [Conveyance of Real Property - Land Dedication by 598 Brannan Street Phase 1, L.L.C. - 160
2 Freelon Street - Inclusionary Affordable Housing]

3 **Resolution approving and authorizing an agreement with 598 Brannan Street Phase 1,**
4 **L.L.C. for the conveyance of a parcel of real estate, consisting of approximately 12,800**
5 **square feet of land within Assessor's Parcel Block No. 3777, located at 160 Freelon**
6 **Street in the City and County of San Francisco to the Mayor's Office of Housing and**
7 **Community Development pursuant to the land dedication process permitted under**
8 **Planning Code, Section 249.78(e)(2)(B); adopting findings under the California**
9 **Environmental Quality Act; adopting findings that the conveyance is consistent with**
10 **the General Plan, and the eight priority policies of Planning Code, Section 101.1; and**
11 **authorizing the Director of Property to execute documents, make certain modifications**
12 **to the agreement that do not materially increase the obligations or liabilities to the City**
13 **and are necessary to effectuate the purposes of the agreement or this Resolution, and**
14 **take certain actions in furtherance of this Resolution, as defined herein.**

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16 WHEREAS, 598 Brannan Street Phase 1, L.L.C., a Delaware limited liability company
17 ("Developer") is the owner of 639, 645, 649-651 Bryant Street and 590 & 598 Brannan Street,
18 San Francisco (the "Principal Site"), on which Developer intends to develop three mixed-use
19 office buildings in two phases ("Principal Site"); the first phase will involve the construction of
20 two mixed-use buildings with 711,136 square feet of office use, 37,527 square feet of
21 Production, Distribution and Repair ("PDR") space, 11,890 square feet of neighborhood
22 serving retail, 16,505 square feet of Privately-Owned Public Open Space ("POPOS"),
23 sidewalk and alley improvements, and construction of a new signalized crosswalk on 5th
24 Street; the second phase will involve the construction of a mixed-use office building with
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1 211,601 square feet of office space, 11,054 square feet of PDR space, a 5,546 square foot
2 childcare facility, 2,831 square feet of POPOS, and sidewalk and alley improvements (the
3 “Project”); and

4 WHEREAS, Developer is subdividing the Principal Site to create a separate legal
5 parcel consisting of approximately 12,800 square feet of land, located at 160 Freelon Street,
6 San Francisco (the “Property”); and

7 WHEREAS, Developer has elected to satisfy the Inclusionary Affordable Housing
8 Program requirements under Planning Code, Section 413 for the Principal Site by dedicating
9 the Property to the City pursuant to Planning Code, Section 249.78(e)(2)(B); and

10 WHEREAS, On February 9, 2023, by Notice of Final Approval of an AB-2162 Project,
11 the Planning Department determined that the development of the Property with an 85-unit
12 affordable housing development and a ground floor community facility, met all the standards
13 of the Planning Code and would be eligible for ministerial approval under California
14 Government Code, Section 66583 (Assembly Bill 2162) and the CEQA Guidelines, Sections
15 15002(i)(1), 15268, and 15369, and would therefore not be subject to the California
16 Environmental Quality Act (“CEQA Determination”); said determination is on file with the Clerk
17 of the Board of Supervisors in File No. 230263 and is incorporated herein by reference; and

18 WHEREAS, The land dedication of the Property to the City was included in the Large
19 Project Authorization and Office Allocation approvals for the Principal Site, which were
20 considered and approved by Planning Commission Motion No. 20459, as amended August 7,
21 2019, and Motion No. 20460 dated June 9, 2019, copies of which are on file with the Clerk of
22 the Board of Supervisors in File No. 230263 and incorporated herein by reference (“Planning
23 Approvals”); and

24 WHEREAS, As a condition to the approval of the land dedication of the Property to the
25 City, and as further described in the Planning Approvals, the Mayor’s Office of Housing and

1 Community Development (“MOHCD”) determined that the Property is suitable for
2 development of approximately 85 affordable housing dwelling units as required under
3 Planning Code, Sections 419.5(a)(2) and 419.6; and

4 WHEREAS, The terms and conditions of the dedication and conveyance of the
5 Property to the City and County of San Francisco, under the jurisdiction of MOHCD, have
6 been negotiated, as further outlined in the Agreement for Dedication of Real Estate by and
7 between the Developer and City (the “Agreement”), a copy of which is on file with the Clerk of
8 the Board of Supervisors in File No. 230263 and is incorporated herein by reference, pursuant
9 to which Developer shall convey the fee title of the Property to City; and

10 WHEREAS, On July 2, 2018, the Property was appraised by a third party appraiser as
11 having a fair market value of \$13,980,265.25 (“Land Value”), and said appraisal was reviewed
12 and approved by the City’s Director of Property; and

13 WHEREAS, The Agreement provides for the Developer’s affordability requirement for
14 the Principal Project to be reduced by an amount equal to the difference between (i) the Land
15 Value less (ii) \$478,688.00 (which amount represents City’s expense to remediate certain
16 conditions with respect to the Property identified in the preliminary environmental testing on
17 the Property); and

18 WHEREAS, The Planning Approvals determined that the development of the Principal
19 Site and the land dedication and conveyance of the Property to the City are consistent with
20 the General Plan, and with the eight priority policies of Planning Code, Section 101.1; now,
21 therefore, be it

22 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
23 hereby adopts the findings contained in the Planning Approvals, and hereby incorporates
24 such findings by reference as though fully set forth in this Resolution; and, be it
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1 FURTHER RESOLVED, That the Board of Supervisors of the City and County of San
2 Francisco hereby finds that the conveyance of the Property is consistent with the General
3 Plan, and with the eight priority policies of Planning Code, Section 101.1 for the same reasons
4 as set forth in the Planning Department General Plan Referral Letter, which letter is on file
5 with the Clerk of the Board of Supervisors in File No. 230263, and hereby incorporates such
6 findings by reference as though fully set forth in this Resolution; and, be it

7 FURTHER RESOLVED, That in accordance with the recommendation of the Director
8 of MOHCD and Director of Property, the Board of Supervisors hereby approves the
9 conveyance of the Property to the City, under the jurisdiction of MOHCD, and the transaction
10 contemplated thereby in substantially the form of the Agreement presented to the Board, and
11 authorizes the Director of Property to execute the Agreement and any such other documents
12 that are necessary or advisable to complete the conveyance contemplated by the Agreement
13 and to effectuate the purpose and intent of this Resolution; and, be it

14 FURTHER RESOLVED, That all actions heretofore taken by any employee or official of
15 the City with respect to the Agreement or this Resolution are hereby approved, confirmed and
16 ratified; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
18 Property to enter into any amendments or modifications to the Agreement (including, without
19 limitation, the attached exhibits) that the Director of Property determines, in consultation with
20 the City Attorney and Director of MOHCD, are in the best interest of the City, do not otherwise
21 materially increase the obligations or liabilities of the City, are necessary or advisable to
22 effectuate the purposes of the Agreement and are in compliance with all applicable laws,
23 including City's Charter; and, be it

24 FURTHER RESOLVED, That MOHCD has legal authority, is willing, and is in a position
25 financially and otherwise to assume immediate care and maintenance of the Property, and

1 that the Director of Property, is hereby authorized to accept the deed to the Property from the
2 Borrower upon the closing in accordance with the terms and conditions of the Agreement, to
3 place the Property under the jurisdiction of MOHCD, and to take any and all steps (including,
4 but not limited to, the execution and delivery of any and all certificates, agreements, notices,
5 consents, escrow instructions, closing documents and other instruments or documents) as the
6 Director of Property deems necessary or appropriate in order to acquire the Property pursuant
7 to the Agreement, or to otherwise effectuate the purpose and intent of this Resolution, such
8 determination to be conclusively evidenced by the execution and delivery by the Director of
9 Property of any such documents.

1 RECOMMENDED:

2 REAL ESTATE DIVISION

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5 /s/
6 Andrico Penick
7 Director of Property

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9 RECOMMENDED:

10 MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

11
12 /s/
13 Eric D. Shaw
14 Director