

1 [Real Property Purchase and Sale Agreement of - 201-229 Eddy Street - \$4,200,000]

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3 **Resolution authorizing the execution and performance of an Agreement of**
4 **Purchase and Sale for Real Estate between the City and County of San**
5 **Francisco and Tenderloin Neighborhood Development Corporation, a California**
6 **nonprofit public benefit corporation, for the purchase of real property located**
7 **at 201-229 Eddy Street, San Francisco, in the amount of \$4,200,000 for the**
8 **rehabilitation of 105 units of affordable housing for low and very low income**
9 **persons; authorizing the execution and performance of a Ground Lease**
10 **between the City and County of San Francisco and Franciscan Towers**
11 **Associates L.P., a California limited partnership; adopting findings under the**
12 **California Environmental Quality Act; and adopting findings that the**
13 **conveyance is consistent with the City's General Plan, and eight priority**
14 **policies of City Planning Code, Section 101.1.**

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16 WHEREAS, Tenderloin Neighborhood Development Corporation ("Seller")
17 purchased the property located at 201-229 Eddy Street (Assessor's Block 0339, Lot
18 017) (the "Property") in 1989 and has operated the building located thereon (the
19 "Improvements") as affordable housing for low and very low income persons with
20 ground floor commercial use; and,

21 WHEREAS, Seller received assistance for the acquisition of the Property and
22 rehabilitation of the Improvements in the form of loans from the City and County of
23 San Francisco ("City") and the former San Francisco Redevelopment Agency whose
24 current balances total approximately \$6,200,000 in principal and approximately
25 \$3,100,000 in accrued interest (the "Existing Debt"); and,

1 WHEREAS, In April 2011, the Improvements suffered extensive damage
2 caused by fire and was deemed uninhabitable; and,

3 WHEREAS, One hundred and twenty seven (127) low and very low income
4 residents of the Improvements were forced to evacuate due to the fire and were
5 relocated into other properties owned by Seller; and,

6 WHEREAS, Seller has been working with the Mayor’s Office of Housing and
7 Community Development (“MOHCD”) to develop a financing plan to rehabilitate the
8 Improvements (the “Project”) in order to return it to a habitable state in compliance
9 with all applicable law, so as to provide 105 units of affordable rental housing that
10 shall only be made available to qualifying households with incomes no higher than
11 60% of the Area Median Income (as determined by the U.S. Department of Housing
12 and Urban Development and as calculated by MOH) (the “Occupancy Restrictions”);
13 and,

14 WHEREAS, In order to further the City’s general plan priority of preserving and
15 enhancing the supply of affordable housing, MOHCD negotiated a purchase
16 agreement (the “Purchase Agreement”) with the Seller and agreed to purchase the
17 fee interest in the underlying Property land in exchange for the assumption and
18 cancellation of \$4,200,000 of the Existing Debt (the “Purchase Price”), subject to the
19 conditions described in the Purchase Agreement, a copy of which is on file with the
20 Clerk of the Board of Supervisors; and,

21 WHEREAS, MOHCD has additionally agreed to forgive approximately
22 \$1,700,000 in accrued interest from the Existing Debt in order to help make the
23 Project financially feasible; and,

24 WHEREAS, Seller established a separate entity named Franciscan Towers
25 Associates, L.P., a California limited partnership (the “LP”), to acquire the fee interest
in the Improvements and to own and manage the Project; and,

1 WHEREAS, The Purchase Price for the fee interest in the Property land has
2 been determined by the Director of Property to be fair market value as substantiated
3 by an appraisal; and,

4 WHEREAS, MOHCD has negotiated a long-term ground lease of the
5 underlying Property land with the LP (the "Ground Lease"), subject to the conditions
6 described in the Ground Lease, a copy of which is on file with the Clerk of the Board
7 of Supervisors; and,

8 WHEREAS, The Ground Lease includes: (i) a term of 75 years with an
9 extension option for 24 additional years; (ii) the LP's acceptance of the Property "as
10 is" without representation or warranty; (iii) annual base rent in the amount of Fifteen
11 Thousand Dollars (\$15,000); and (iv) the Occupancy Restrictions; and

12 WHEREAS, During the Lease term, the LP shall maintain and repair the
13 Property and Improvements at no cost to the City, as further set forth in the Ground
14 Lease; and,

15 WHEREAS, In order to consummate the purchase and ground lease of the
16 Property, the Board of Supervisors desires to authorize the execution, delivery and
17 performance of the Purchase Agreement and Ground Lease; and,

18 WHEREAS, By letter dated July 8, 2013, the Department of City Planning
19 adopted and issued a General Plan Consistency Finding, a copy of which is on file
20 with the Clerk of the Board, wherein the Department of City Planning found that the
21 acquisition and ground lease of the Property are consistent with the City's General
22 Plan and with the Eight Priority Policies under Planning Code Section 101.1; and on
23 July 8, 2013, the Department of City Planning also found that acquisition and ground
24 lease of the Property are categorically exempt from Environmental Review; now,
25 therefore, be it

1 RESOLVED, That the Board of Supervisors hereby adopts the findings
2 contained in the document dated July 8, 2013, from the Department of City Planning
3 regarding the California Environmental Quality Act, and hereby incorporates such
4 findings by reference as though fully set forth in this Resolution; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the
6 purchase and ground lease of the Property are consistent with the General Plan, and
7 with the eight Priority Policies of Planning Code Section 101.1 for the same reasons
8 as set forth in the letter of the Department of City Planning, dated July 8, 2013, and
9 hereby incorporates such findings by reference as though fully set forth in this
10 Resolution; and, be it

11 FURTHER RESOLVED, That in accordance with the recommendation of the
12 Director of Property, the execution, delivery and performance of the Purchase
13 Agreement and the Ground Lease is hereby approved and the Director of Property
14 (or his designee) and the Director of the Mayor's Office of Housing and Community
15 Development are hereby authorized to execute the Purchase Agreement and the
16 Ground Lease, in substantially the form of such Purchase Agreement and Ground
17 Lease on behalf of the City and any such other documents that are necessary or
18 advisable to complete the transaction contemplated by the Purchase Agreement and
19 the Ground Lease and effectuate the purpose and intent of this Resolution; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director
21 of Property (or his designee) and the Director of the Mayor's Office of Housing and
22 Community Development, in consultation with the City Attorney, to enter into any
23 additions, amendments or other modifications to the Purchase Agreement, the
24 Ground Lease and any other documents or instruments necessary in connection
25 therewith, that the Director of Property determines are in the best interests of the City,
do not materially decrease the benefits to the City with respect to the Property, do not

1 materially increase the obligations or liabilities of the City, and are necessary or
2 advisable to complete the transaction contemplated in the Purchase Agreement and
3 the Ground Lease and that effectuate the purpose and intent of this Resolution, such
4 determination to be conclusively evidenced by the execution and delivery by the
5 Director of Property (or his designee) of any such additions, amendments, or other
6 modifications; and, be it

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

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12 RECOMMENDED:

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Director of Property

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