

File No. 110917

Committee Item No. 7

Board Item No. 20

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: September 14, 2011

Board of Supervisors Meeting

Date 9/20/11

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
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Completed by: Victor Young

Date: Sept 9, 2011

Completed by: Victor Young

Date: 9-15-11

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

FILE NO. 110917

RESOLUTION NO.

1 [Real Property Sublease Amendment - Southeast Corner of Octavia Boulevard and Hayes
2 Street

3 **Resolution approving an amendment of sublease between the City and County of San**
4 **Francisco and PROXYdevelopment, LLC, for property located at the southeast corner**
5 **of Octavia Boulevard and Hayes Street, commonly known as a portion of Assessor's**
6 **Block No. 0817, Lot No. 30 (Parcel K), to extend the sublease term from three years to**
7 **five years.**

8
9 WHEREAS, The State of California transferred certain real property located at the
10 southeast corner of Octavia Boulevard and Hayes Street and commonly known as a portion of
11 Assessor's Block No. 0817, Lot No.30 (Parcel K) to the City and County of San Francisco
12 (City) as part of the demolition of the former Central Freeway and on the condition that City
13 use the proceeds from any disposition of Parcel K in connection with City's Octavia Boulevard
14 project and for transportation and related purposes set forth in Section 72.1(f)(1) of the
15 California Streets and Highways Code; and,

16 WHEREAS, City sold Parcel K to the Redevelopment Agency of the City and County of
17 San Francisco (Agency) and leases Parcel K from the Agency under a Ground Lease dated
18 as of January 30, 2004, as amended by a First Amendment to Ground Lease dated as of
19 March 16, 2010, and a Second Amendment to Ground Lease dated as of April 19, 2011
20 (Ground Lease), copies of which are on file with the Clerk of the Board of Supervisors in File
21 No. 110917; and,

22 WHEREAS, The current Ground Lease term is for three years and Agency's Executive
23 Director is authorized to extend the current Ground Lease term to five years if City requests
24 such extension, the Executive Director approves such request, and City's subtenant provides
25 adequate trash control, makes good faith efforts to outreach to vendors who currently do

1 business in current Redevelopment Project Areas and in the former Western Addition A-2
2 Redevelopment Project Area, and provides, installs and maintains signage indicating Parcel K
3 is intended to be developed into affordable housing and any other activities or uses are
4 temporary in nature; and,

5 WHEREAS, The Board of Supervisors authorized the Director of Property to execute a
6 three year sublease for Parcel K (Original Sublease) with PROXYdéveloppement, LLC
7 (Subtenant) for an initial monthly base rent of \$5,000, adjusted annually, and a share of bonus
8 rent under Resolution No. 386-10, adopted by the Board of Supervisors on August 3, 2010
9 and approved by the City's Mayor on August 12, 2010, a copy of which is on file with the Clerk
10 of the Board of Supervisors in File No. 100670; and,

11 WHEREAS, Subtenant and City wish to extend the term of the Original Sublease to five
12 years under an amendment to sublease substantially in the form on file with the Clerk of the
13 Board of Supervisors in File No. 110917 (Sublease Amendment) if Agency's Executive
14 Director agrees to extend the term of the Ground Lease to five years; and,

15 WHEREAS, The Director of Planning, by letter dated ~~April 26, 2011~~^{May 14, 2010}, a copy of which is
16 on file with the Clerk of the Board of Supervisors in File No. 110917, found that the
17 proposed Sublease Amendment is categorically exempt from environmental review and in
18 conformance with the City's General Plan; now, therefore, be it


19 RESOLVED, That in accordance with the recommendation of the Director of Office of
20 Economic and Workforce Development and the Director of Property, the Director of Property
21 is hereby authorized to request the Agency's Executive Director approval to revise the Ground
22 Lease term to five years; and, be it

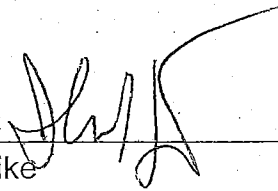
23 FURTHER RESOLVED, If the Agency's Executive Director approves such request to
24 revise the Ground Lease term, the Director of Property is hereby authorized to execute the
25 Sublease Amendment; and, be it

1 FURTHER RESOLVED, That all actions heretofore taken by any City employee or
2 official with respect to the Ground Lease and the Sublease Amendment are hereby approved,
3 confirmed and ratified; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
5 Property to enter into any amendments or modifications to the Sublease Amendment that the
6 Director of Property determines, in consultation with the City Attorney, are in the best interest
7 of the City, do not materially reduce the rent or otherwise materially increase the obligations or
8 liabilities of the City, are necessary or advisable to effectuate the purposes of the Sublease
9 Amendment and are in compliance with all applicable laws, including City's Charter.

10
11 RECOMMENDED:

12 
13 _____
14 Jennifer Matz
15 Director, Office of Economic
16 and Workforce Development

17 
18 _____
19 John Updike
20 Acting Director of Property

FIRST AMENDMENT TO LEASE

(Parcel K)

THIS FIRST AMENDMENT TO LEASE (this "Amendment") is made as of _____, 2011, in San Francisco, California, by and between CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), and PROXYDEVELOPMENT, LLC, a California limited liability company ("Subtenant").

RECITALS

A. City and Subtenant are parties to a Lease dated as of July 14, 2010 (the "Original Sublease"), for premises located near the southeast corner of Hayes and Octavia Streets, San Francisco, as further depicted in Exhibit A to the Original Sublease. All undefined, initially-capitalized terms used in this Amendment shall have the meaning given to such terms in the Original Sublease.

B. Subtenant wishes to extend the term of the Original Sublease from three years to five years, and City consents to such extension on the terms and conditions as set forth in this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the matters described in the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, City and Subtenant agree as follows:

1. Term. As of the date this Amendment is fully executed and delivered (the "Effective Date"), Section 4.2 of the Original Sublease is hereby deleted in its entirety and replaced with the following language:

"4.2 Commencement Date and Expiration Date. The "Commencement Date" shall be September 15, 2010, and the "Expiration Date" shall be the fifth (5th) anniversary of the Commencement Date. "

2. Initial Improvement Charges. Within sixty (60) days following the Effective Date, Subtenant shall deliver the Initial Improvements statement of costs, invoices and other documents required under Section 8.3(c) of the Original Sublease to City for its review.

3. Subtenant's Licensees. Subtenant represents and warrants that each party (each, a "Licensee") operating at the Premises or otherwise authorized by Subtenant to use or occupy the Premises is listed on the attached Exhibit A. Within sixty (60) days following the Effective Date, Subtenant shall deliver to City an estoppel certificate in the form attached hereto as Exhibit B ("Estoppel"), duly completed and executed by Subtenant and each Licensee, and a copy of any written agreement ("License") between Subtenant and a Licensee with respect to such Licensee's use of the Premises. Subtenant acknowledges that City's consent to the use of the Premises by a Licensee is conditioned on City's receipt and approval of the Estoppel and License for such Licensee. If City approves of any Licensee after reviewing the Estoppel and License for such Licensee, City shall deliver written notice thereof to Subtenant and Licensee within sixty (60) days of City's receipt of such Licensee's Estoppel and License.

3. Master Lease. Subtenant acknowledges that the Master Lease (as defined in the Original Sublease) has been amended by that certain Second Amendment to Ground Lease dated as of April 19, 2011, between City and Master Landlord (as defined in the Original Sublease), a copy

of which is attached hereto as Exhibit C (the "Master Lease Second Amendment"). All references to the Master Lease in the Original Sublease and this Amendment shall mean the Master Lease as amended by the Master Lease Second Amendment.

4. Trash Control. As of the Effective Date, Subtenant shall provide, or ensure the provision of, adequate trash receptacles at the Premises, timely maintenance of such trash receptacles, and otherwise provide for adequate control of any garbage at the Premises generated by the use of the Premises by Subtenant and any of its Agents (as defined in the Original Sublease), subtenants and licensees.

5. Outreach to Vendors. Subtenant shall take good faith efforts that are satisfactory to Master Landlord to outreach to vendors who currently do business in current Redevelopment Project Areas established by Master Landlord under Division 24, Part 1 of the California Health and Safety Code and in the former Western Addition A-2 Redevelopment Project Area established by Master Landlord under Division 24, Part 1 of the California Health and Safety Code, and who may wish to provide services on the Premises. Such efforts may consist of Subtenant developing a list of such vendors and notifying such vendors of its permitted uses of the Premises, or other actions that are reasonably requested by Master Landlord. All outreach efforts must be documented by Subtenant and available for review on request by Master Landlord and City.

6. Required Signage Related to Future Use of Premises. Subtenant shall, at its sole cost, design, provide, and install in good condition signage ("Future Use Sign") on the Premises that (i) is visible from the portion of Hayes Street that abuts the Premises, (ii) is no less than three feet by three feet, and (iii) indicates the Premises are intended to be developed into affordable housing and that any other activities or uses allowed by Subtenant are temporary in nature. Within thirty (30) days following the Effective Date, Subtenant shall submit its proposed drawings and plans for the Future Use Sign ("Proposed Sign Plans") to City and Master Landlord for review and approval, each acting in its sole discretion. If City and Master Landlord do not approve the submitted Proposed Sign Plans, Subtenant shall promptly submit revised Proposed Sign Plans to City and Master Landlord. Within sixty (60) days following Subtenant's receipt of written approval of any Proposed Sign Plans from City and Master Landlord, Subtenant shall install the Future Use Sign in accordance with the approved Proposed Sign Plans and the standards set forth in Section 8.3(a) and Section 8.3(b) of the Original Sublease. Once Subtenant installs the Future Use Sign on the Premises pursuant to this Amendment, the definition of "Improvements" in the Original Sublease shall include the Future Use Sign.

7. No Joint Venture. Neither this Amendment nor any activity by the City hereunder creates a partnership or joint venture between the City and Subtenant relating to the Premises, the Original Sublease or otherwise. This Amendment does not constitute authorization or approval by the City of any activity conducted at the Premises by Subtenant or any of Agents, its permittees or sublessees, and the City shall in no way be responsible for the acts or omissions of Subtenant or any of Agents, its permittees or sublessees on the Premises or otherwise.

8. Attorneys Fees. In the event a dispute arises concerning this Amendment, the party not prevailing in such dispute shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Amendment, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

9. References. No express reference to this Amendment is necessary in any instrument or document that refers to the Original Sublease. As of the Effective Date, any reference to the

Original Sublease after the date of this Amendment shall be deemed a reference to the Original Sublease as amended by this Amendment.

10. Applicable Law. This Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California.

11. Miscellaneous. Except as expressly modified herein, the terms, covenants and conditions of the Original Sublease shall remain unmodified and in full force and effect. This Amendment constitutes the entire agreement of the parties concerning the subject matter hereof, and supersedes and conceals any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein. The execution of this Amendment shall not constitute a waiver of relinquishment of any rights that City may have relating to the Original Sublease. Subtenant and City hereby ratify and confirm all of the provisions of the Original Sublease as amended by this Amendment.

TENANT:

PROXYDEVELOPMENT, LLC,
a California limited liability company

By: 
Douglas Burnham, Manager

Date: 07.28.2011

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: John Updike, Acting Director of Property

Date: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: 
Carol Wong, Deputy City Attorney

EXHIBIT A

List of Subtenant's Licensees

- Smitten Ice Cream, LLC
- Ritual Coffee Roasters, LLC
- Avedano's Meats
- Off the Grid
- The Museum of Craft and Design



SAN FRANCISCO PLANNING DEPARTMENT

May 14, 2010

Ms. Amy Brown
Director of Real Estate
San Francisco Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Re: Case No. 2010.0359R
Central Freeway Parcels K and L (0817/030, 0817/033)
Proposed Leases for Interim Uses

Dear Ms. Brown,

The Department received your request on 5/12/2010, for a General Plan Referral as required by Section 4.105 of the San Francisco Charter, and Section 2A.53 of the San Francisco Administrative Code.

Project Description

Parcels K and L were vacated as part of the demolition of the Central Freeway and construction of Octavia Boulevard. Parcel K was transferred by the City to the San Francisco Redevelopment Agency. The Redevelopment Agency plans eventually to develop affordable housing on this parcel, but does not anticipate doing so for several years. In the meantime, the City has leased this parcel back from the Redevelopment Agency for the purpose of interim uses. Parcel L is owned by the City and awaits future disposition to a developer.

In December 2009, the City issued a Request for Proposals from qualified respondents for interim uses on several vacant Central Freeway parcels, including parcels K and L, for the purpose of activating these parcels to provide additional amenities to the public and promote economic development, until the economy will allow for housing development on these sites.

These parcels were rezoned as part of the Market Octavia Plan. Their current zoning is Hayes NCT. The Market Octavia Plan envisions mixed use development on these parcels ultimately, with ground floor retail on both parcels.

As a result of a competitive solicitation, the City intends to enter into leases with PROXYDevelopment, LLC for the purpose of providing interim retail activities, including the sale of foods and beverages, the operation of restaurants, and the operation of a membership-based car sharing business. The term of the Parcel K lease is three years and the term of the Parcel L lease is four years. The detailed proposal from PROXYDevelopment is attached to this letter and incorporated by reference.

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Case No. 2010.0359R
Central Freeway Parcels K and L (0817/030, 0817/033)
Proposed Leases for Interim Uses

Environmental Review

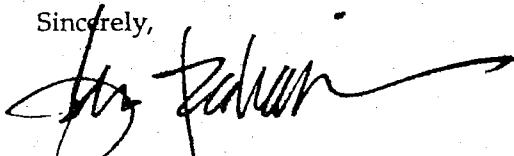
The Major Environmental Review section of the Planning Department has determined that the Project is exempt from Environmental Review as a non physical project per CEQA Guidelines Section 15060(c)(2).

Staff has determined that the Project is consistent with the Eight Priority Policies of the Planning Code Section 101.1 (see Attachment 3).

Staff has determined that the project is, on balance, IN CONFORMANCE with the General Plan.

Please note that this referral covers only the proposed interim leases described above. A further referral may be required when proposed development on the parcels is considered by the Planning Department.

Sincerely,



John Rahaim
Director of Planning

cc: Stephen Shotland, Planning Department
Ken Rich, Planning Department
Rich Hillis

Attachments:

1. General Plan Case Report
2. Eight Priority Policies Findings- Planning Code Section 101.1
3. List of Project Improvements

I:\Citywide\General Plan\General Plan Referrals\2010\2010.0395R Parcels K and L Interim Lease.doc

Case Report

Attachment 1

Case No. 2010.0359R

Central Freeway Parcels K and L (0817/030, 0817/033)

Proposed Leases for Interim Uses

Staff reviewer: Ken Rich

Date: 5/13/2010

General Plan Policy Findings

Note: General Plan Objectives are in **BOLD CAPS**, and Policies are in **bold font**, General Plan text is in regular font, and staff comments are in *italic font*.

COMMERCE AND INDUSTRY ELEMENT

OBJECTIVE 6:

MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS EASILY ACCESSIBLE TO CITY RESIDENTS.

POLICY 6.1

Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

POLICY 6.2

Promote economically vital neighborhood commercial districts which foster small business enterprises and entrepreneurship and which are responsive to economic and technological innovation in the marketplace and society.

POLICY 6.4

Encourage the location of neighborhood shopping areas throughout the city so that essential retail goods and personal services are accessible to all residents.

Comment: The proposed interim leases will support retail, arts and food-related activities which will support the General Plan goals and objectives above.

Case No. 2010.0359R
Central Freeway Parcels K and L (0817/030, 0817/033)
Proposed Leases for Interim Uses

MARKET AND OCTAVIA AREA PLAN

OBJECTIVE 1.1

CREATE A LAND USE PLAN THAT EMBRACES THE MARKET AND OCTAVIA NEIGHBORHOOD'S POTENTIAL AS A MIXED-USE URBAN NEIGHBORHOOD

POLICY 1.1.3

Encourage housing and retail infill to support the vitality of the Hayes-Gough, Upper Market, and Valencia Neighborhood Commercial Districts.

POLICY 1.1.8

Reinforce continuous retail activities on Market, Church, and Hayes Streets, as well as on Van Ness Avenue.

OBJECTIVE 6.2

ENCOURAGE NEW DEVELOPMENT ON THE CENTRAL FREEWAY PARCELS AND THE MARKET STREET SAFEWAY SITE TO HEAL THE PHYSICAL FABRIC OF THE NEIGHBORHOOD AND IMPROVE NEIGHBORHOOD CHARACTER.

POLICY 6.2.1

Provide guidelines for new development that respond to the opportunities presented by the Central Freeway parcels

Comment: The proposed interim leases will further the goals and objectives above, related to encouraging strong retail activities in this area and appropriately re-using the Central Freeway parcels.

Case No. 2010.0359R

Central Freeway Parcels K and L (0817/030, 0817/033)

Proposed Leases for Interim Uses

The following Priority Policies are hereby established. They shall be included in the preamble to the General Plan and shall be the basis upon which inconsistencies in the General Plan are resolved:

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 is not in conflict with this policy. The Project will provide for interim retail uses of vacant parcels and will compliment existing retail in Hayes Valley.
2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;
The Project is not in conflict with this policy. The interim uses on Parcel K will be replaced in the future with affordable housing
3. That the City's supply of affordable housing be preserved and enhanced;
The Project is not in conflict with this policy.
4. That commuter traffic not impede Muni transit services or overburden our streets or neighborhood parking;
The Project is not in conflict with this policy. The project will not affect or create commute trips.
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 resident employment and ownership in these sectors be enhanced;
The Project is not in conflict with this policy.
6. That the City achieve the greatest possible preparedness to protect against injury and the loss of life in an earthquake.
The Project is not in conflict with this policy.
7. That landmarks and historic buildings be preserved; and
The Project is not in conflict with this policy.

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

The Project is not in conflict with this policy.



SAN FRANCISCO PLANNING DEPARTMENT

October 1, 2008

Amy L. Brown
Director of Real Estate
Real Estate Division
25 Van Ness Ave. #400
San Francisco, CA 94102

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2478

Reception:
415.558.6378

Fax:
415.558.6409

RE: 2008.0879R

Sale of twelve parcels that were part of the former Central Freeway for new residential mixed-use development

Planning
Information:
415.558.6377

Dear Ms. Brown,

The following General Plan referral findings for the above proposed project is submitted per your request. The purpose of this referral is to determine whether the proposed sale of twelve parcels of the former Central Freeway would conform to the General Plan (Exhibit A).

The parcels in question were part of the former Central Freeway that was removed and replaced by the Octavia Boulevard project. The proposal is to sell seven of the parcels at public auction and issue a Request for Proposals (RFP) for the remaining four parcels, ultimately producing several hundred units of new housing with ground floor retail.

The Department has determined that the project is exempt from Environmental Review under California Environmental Review Quality Act Section 15060 (c)(2). The project is, on balance, in conformity with the General Plan, as described in the Case Report (Exhibit B), and has been reviewed for consistency with the Eight Priority Policies of the Planning Code (Exhibit C).

Sincerely,

John Rahaim
Director of Planning

Exhibits:

- A. Map of former Central Freeway parcels for sale
- B. General Plan Case Report
- C. Section 101.1 Findings.

cc: Johnny Jaramillo, Planning Department ✓

CENTRAL FREEWAY PARCELS FOR SALE

EXHIBIT A

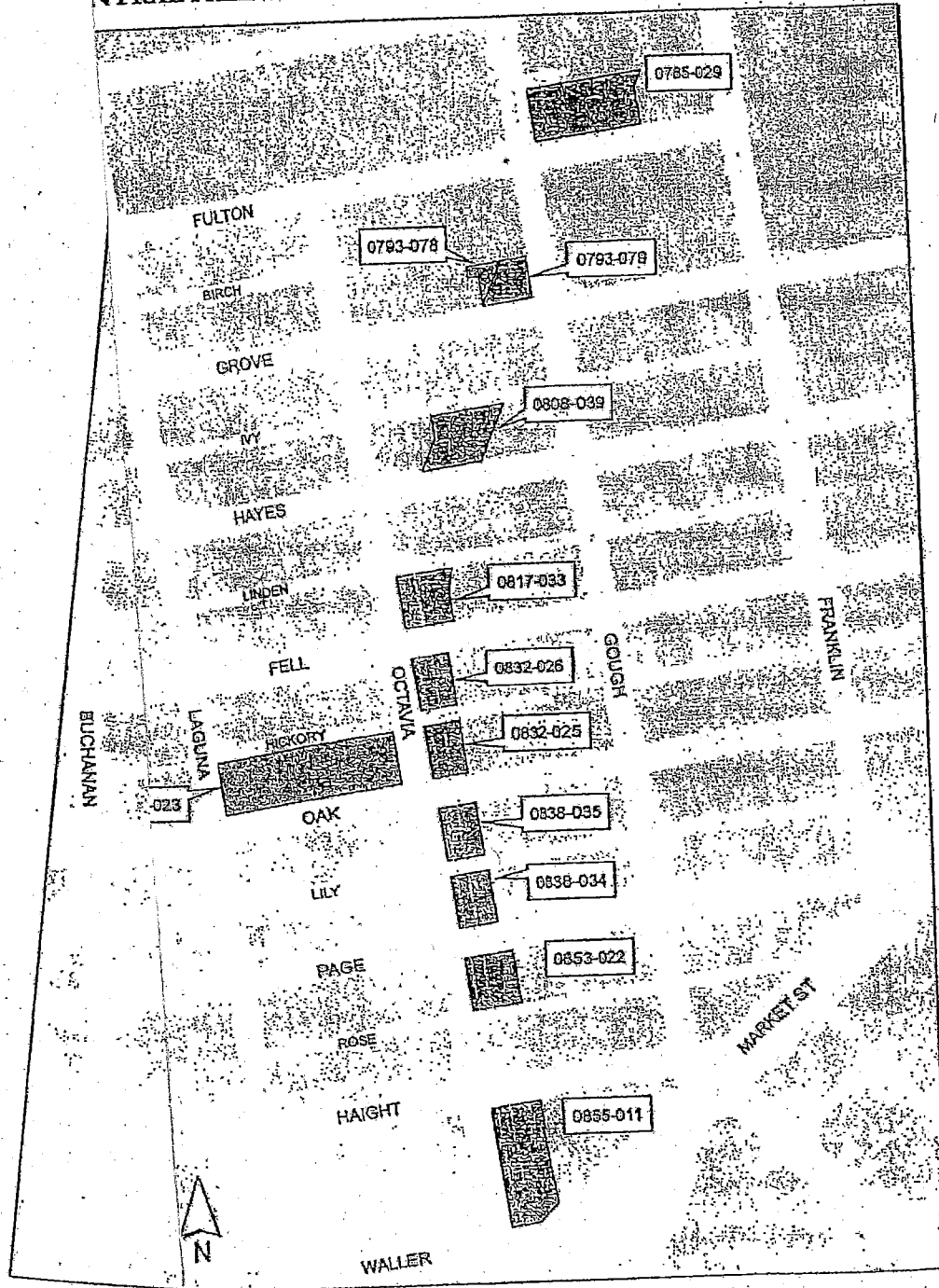


EXHIBIT B

RE: 2008.0879R

Sale of twelve parcels that were part of the former Central Freeway.

GENERAL PLAN CASE REPORT

General Plan Objectives and Policies are in **Bold font**. Policy text is in regular font. Staff comments are in *italics*.

HOUSING ELEMENT

OBJECTIVE 1

TO PROVIDE NEW HOUSING, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING, IN APPROPRIATE LOCATIONS WHICH MEETS IDENTIFIED HOUSING NEEDS AND TAKES INTO ACCOUNT THE DEMAND FOR AFFORDABLE HOUSING CREATED BY EMPLOYMENT DEMAND

POLICY 1.4

Locate in-fill housing on appropriate sites in established residential neighborhoods.

In established residential areas, new in-fill housing construction should be located on vacant sites that are not designated for open space. At the time the former Central Freeway was constructed, it bisected an established residential area served by neighborhood commercial services. The sale of former freeway parcels for housing development and neighborhood commercial activities effectively restores the character of the area.

POLICY 1.5

Support the development of affordable housing on surplus public lands.

Although the twelve parcels in question will not be developed as affordable housing, their sale enables the City, through the Redevelopment agency, to produce 100% affordable housing on other former Central Freeway parcels. Overall, 50% affordable housing will be produced on former Central Freeway parcels.

POLICY 1.7

Encourage and support the construction of quality, new family housing.

Families with children or elderly members have few options as only 25% of the City's housing stock has three or more bedrooms. Much of the housing constructed in the last decade consisted of studios, and one-bedroom units — too small to accommodate many families. New housing constructed on the former Central Freeway parcels will include larger two bedroom units, and the inclusion of three-bedroom units will also be encouraged.

EXHIBIT B

RE: 2008.0879R

Sale of twelve parcels that were part of the former Central Freeway.

**OBJECTIVE 5
INCREASE THE EFFECTIVENESS AND EFFICIENCY OF THE CITY'S
AFFORDABLE HOUSING PRODUCTION SYSTEM.**

POLICY 5.3

Create greater public awareness about the quality and character of affordable housing projects and generate community-wide support for new affordable housing.

The planned sale of these parcels for future market rate housing has helped to generate support for affordable housing on other former Central Freeway parcels in the area.

POLICY 5.4

Coordinate governmental activities related to affordable housing.

Numerous agencies and city departments have worked for years to coordinate the removal of the Central Freeway and, upon removal, the sale of former freeway parcels for needed housing. Through this effort the City will gain hundreds of units of new housing, half of which will be affordable.

**OBJECTIVE 7
EXPAND THE FINANCIAL RESOURCES AVAILABLE FOR PERMANENTLY
AFFORDABLE HOUSING.**

POLICY 7.1

Enhance existing revenue sources for permanently affordable housing.

The sale of these parcels will generate an estimated ten million dollars for affordable housing in the area.

**OBJECTIVE 8
ENSURE EQUAL ACCESS TO HOUSING OPPORTUNITIES.**

POLICY 8.9

Encourage the provision of new home ownership opportunities through new construction so that increased owner occupancy does not diminish the supply of rental housing.

Predominantly ownership housing is expected to be constructed on these parcels.

EXHIBIT B

RE: 2008.0879R

Sale of twelve parcels that were part of the former Central Freeway.

OBJECTIVE 11

IN INCREASING THE SUPPLY OF HOUSING, PURSUE PLACE MAKING AND NEIGHBORHOOD BUILDING PRINCIPLES AND PRACTICES TO MAINTAIN SAN FRANCISCO'S DESIRABLE URBAN FABRIC AND ENHANCE LIVABILITY IN ALL NEIGHBORHOODS.

POLICY 11.1

Use new housing development as a means to enhance neighborhood vitality and diversity.

Currently vacant, the sale of the former Central Freeway parcels will foster new housing and therefore increase neighborhood vitality.

POLICY 11.3

Encourage appropriate neighborhood-serving commercial activities in residential areas, without causing affordable housing displacement.

Ground floor retail will be included in most new housing developed on the former Central Freeway parcels.

POLICY 11.5

Promote the construction of well-designed housing that enhances existing neighborhood character.

The former Central Freeway parcels are located within the Market-Octavia Plan area, that includes a variety of design standards to promote better design. Four of the parcels are being sold through an RFP process intended to ensure design excellence and community acceptance.

MARKET OCTAVIA AREA PLAN

OBJECTIVE 11

CREATE A LAND USE PLAN THAT EMBRACES THE MARKET AND OCTAVIA NEIGHBORHOOD'S POTENTIAL AS A MIXED-USE URBAN NEIGHBORHOOD.

POLICY 11.1

Repair the damage caused by the Central Freeway by encouraging mixed-use infill on the former freeway lands.

POLICY 1.1.3

Encourage housing and retail infill to support the vitality of the Hayes-Gough, Upper Market, and Valencia Neighborhood Commercial Districts.

OBJECTIVE 2.1

REQUIRE DEVELOPMENT OF MIXED-USE RESIDENTIAL INFILL ON THE FORMER FREEWAY PARCELS.

POLICY 2.1.1

Develop the Central Freeway parcels with mixed-use, mixed-income (especially low income) housing.

The project is, on balance, in conformity with the General Plan

EXHIBIT C

RE: 2008.0879R
Sale of twelve parcels that were part of the former Central Freeway.

SECTION 101.1 FINDINGS

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

1. The project would promote additional neighborhood serving retail uses and opportunities for employment in or ownership of such businesses.
2. The project would have positively effect the City's housing stock and neighborhood character.
3. The project would have a positive effect on the City's supply of affordable housing by supplying additional needed market rate housing and directly contributing to the construction of additional affordable housing in the area.
4. The project would not result in commuter traffic impeding Muni transit service or overburdening the streets or neighborhood parking. Pedestrian movement will not be impeded.
5. The project would not adversely affect the industrial or service sectors or future opportunities for resident employment or ownership in these sectors.
6. The project would not adversely effect achieving the greatest possible preparedness against injury and loss of life in an earthquake and would not effect community safety.
7. The project would have no effect on landmarks or historic buildings.
8. The project would have no adverse effect on parks and open space or their access to sunlight and vistas.

**FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL**
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors
Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: PROXY Development LLC	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i> 1) None. 2) Doublas Burham sole member. 3) Doublas Burnham, sole member. 4) None. 5) None.	
Contractor address: 1661 20 th Street, No. 1, Oakland CA 94607	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contract: Two year extension of lease with a monthly rent of \$5,000.
Describe the nature of the contract that was approved: PROXY Development LLC for Parcel K of Octavia Boulevard Central Freeway Parcel	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed