

1 [Ground Lease - 1100 Ocean Avenue, L.P. - Affordable Housing - \$43,065,000]

2

3 **Resolution approving and authorizing the Mayor's Office of Housing as Successor**
4 **Housing Agency to the Redevelopment Agency to enter into a 99 year ground lease**
5 **totaling \$43,065,000, with 1100 Ocean Avenue, L.P., a California limited partnership, for**
6 **the development and operation of affordable housing on certain real property located**
7 **at 1100 Ocean Avenue; and making findings that the ground lease is in conformance**
8 **with the California Environmental Quality Act, the General Plan, and the priority**
9 **policies of Planning Code, Section 101.1.**

10

11 WHEREAS, The Redevelopment Agency of the City and County of San Francisco (the
12 "Former Agency") was the fee owner of 1100 Ocean Avenue (Lot 3180, Portion of Block 1 and
13 referred to herein as the "Property") and intended to develop the Property for affordable
14 housing; and,

15 WHEREAS, Through an agreement with the Mayor's Office of Housing ("MOH"), MOH
16 agreed to fund and manage the development of the Property into affordable family rental
17 housing; and,

18 WHEREAS, In April 2009, MOH issued a Request for Qualifications and in June 2009,
19 conditionally selected the team of Housing Services Affiliate of the Bernal Heights
20 Neighborhood Center and Mercy Housing California (together, the "Sponsor") as the qualified
21 developer; and,

22 WHEREAS, the Sponsor formed a limited partnership called 1100 Ocean Avenue, L.P.
23 (the "Developer") that will act as the developer for the Property; and,

24 WHEREAS, Under California State Assembly Bill No. 1X26 (Chapter 5, Statutes of
25 2011-12, first Extraordinary Session) ("AB 26"), the Former Agency dissolved as a matter of

1 law on February 1, 2012, and pursuant to AB 26, as amended by California State Assembly
2 Bill No. 1484 ("AB 1484"), and Resolution No. 11-12, adopted by this Board and Mayor on
3 January 26, 2012, Ordinance No. 215-12, adopted by this Board and Mayor on October 12,
4 2012, and the approved housing asset transfer list submitted by MOH to, and approved by,
5 the State of California Department of Finance pursuant to AB 1484 (Cal. Health & Safety
6 Code Section 34176(a)(2)), MOH is successor in interest to Former Agency's fee interest in
7 the Property; and

8 WHEREAS, The proposed project will be the new construction of 71 rental units and
9 6,036 square feet of ground-level retail space (the "Project") with the rental units targeted to
10 formerly homeless families and transitional age youth, who shall have income no higher than
11 50% of the Area Median Income (as determined by the U.S. Department of Housing and
12 Urban Development and as calculated by MOH) for 55 years after recordation of the
13 memorandum of lease, and income no higher than 60% of the Area Median Income for the
14 remaining term of the Lease (the "Occupancy Restrictions"); and

15 WHEREAS, In order to implement the Project, MOH and the Sponsor negotiated a
16 long-term ground lease (the "Lease"), in substantially the form of the Lease filed with the Clerk
17 of the Board of Supervisors in File No. 130745; and,

18 WHEREAS, The Lease includes: (i) a term of 70 years, with an extension option of 29
19 years; (ii) annual base rent in the amount of Fifteen Thousand Dollars (\$15,000); and (iii) the
20 Occupancy Restrictions; and,

21 WHEREAS, The Planning Department determined that the Project is consistent with
22 the City's General Plan and the Eight Priority Policies of Planning Code Section 101.1,
23 adopted in Planning Commission Motion 17777, which is on file with the Clerk of the Board in
24 File No. 090180; and,

25

1 WHEREAS, Pursuant to CEQA Guidelines Section 15168, the Planning Department
2 conducted a program-level EIR for the Balboa Park Station Area Plan that also analyzed the
3 proposed Project. The Planning Commission (“Commission”) certified the Final EIR on
4 December 4, 2008, in its Motion No. 17774, and adopted a statement of overriding
5 considerations for approving the Balboa Park Station Area Plan in its Motion No. 17776, a
6 copy of each of which is on file with the Clerk of the Board in File No. 090181. The Board of
7 Supervisors made the same findings in Ordinance Nos. 58-09, 59-09, 60-09 and 61-09. The
8 Commission subsequently approved a Conditional Use Application No. 2009-1117C and
9 adopted certain CEQA mitigation measures for the Project in its Motion No. 18153, a copy of
10 which is on file with the Clerk of the Board in File No. 090181; now, therefore, be it

11 RESOLVED, That the Board hereby finds that the Lease is consistent with the General
12 Plan and with the Eight Priority Policies of City Planning Code Section 101.1, and is in
13 compliance with CEQA for the same reasons as set forth in Commission Motions 17774,
14 17776, 17777, and 18153, and Ordinance Nos. 58-09, 59-09, 60-09 and 61-09; and, be it

15 FUTHER RESOLVED, That in accordance with the recommendations of the Director of
16 Property and the Director of MOH, the Board of Supervisors hereby approves and authorizes
17 the Director of Property, along with the Director of MOH, to finalize negotiations for the Lease
18 and following the negotiations for the Lease authorizes the Director of MOH to execute and
19 deliver the Lease; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
21 MOH, in consultation with the City Attorney, to enter into any additions, amendments or other
22 modifications to the Lease (including in each instance, without limitation, the attachment of
23 exhibits) that the Director of MOH determines are in the best interests of the City, do not
24 decrease the revenues of the City in connection with the Property, or otherwise materially
25 increase the obligations or liabilities of the City, and are in compliance with all applicable laws,
including the City’s Charter.

1 RECOMMENDED:

2

3 _____

4 Olson Lee
5 Director of the Mayor's Office of Housing

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25