

1 [Ground Lease - MHDC Mariposa Gardens Associates LP - 2445 Mariposa Street - \$20,000
2 Annual Base Rent]

3 **Resolution approving and authorizing a long term amended and restated ground lease**
4 **with MHDC Mariposa Gardens Associates LP, on City owned land at 2445 Mariposa**
5 **Street, Assessor’s Parcel Block No. 4014, Lot No. 001, for a term of 38 years, to**
6 **commence following approval by the Board of Supervisors, with one 44-year option to**
7 **extend, and with an annual base rent of \$20,000 in order to rehabilitate a 100%**
8 **affordable, 62-unit multifamily rental housing development (plus one staff unit) for low-**
9 **income persons; adopting findings that the amended and restated ground lease is**
10 **consistent with the California Environmental Quality Act, the General Plan, and the**
11 **eight priority policies of Planning Code, Section 101.1; and authorizing the Director of**
12 **Property and Director of the Mayor’s Office of Housing and Community Development to**
13 **execute documents, make certain modifications, and take certain actions in**
14 **furtherance of this Resolution, as defined herein.**

15
16 WHEREAS, In 2004 Mariposa Gardens, a California Limited Partnership (“MG”) and
17 Mariposa Gardens II Affordable Housing, a California Limited Partnership (“MGII”) entered
18 into a Ground Lease for 2445 Mariposa Street, Assessor’s Parcel Block No. 4014, Lot No. 001
19 (the “Land”), dated February 23, 2004, as amended (the “ Ground Lease”) for the
20 development of a 100% affordable, 62-unit multifamily rental housing development (plus one
21 staff unit) for low-income persons (“Project”); and

22 WHEREAS, In 2004, pursuant to the appropriate legal instruments, MG conveyed the
23 Land and assigned the Ground Lease to the Redevelopment Agency of the City and County
24 of San Francisco (the “Agency”); and

1 WHEREAS, Under California State Assembly Bill No. 26 (Chapter 5, Statutes of 2011-
2 12, first Extraordinary Session) (“AB 26”), the Agency dissolved as a matter of law on
3 February 1, 2012, and pursuant to AB 26, as amended by California State Assembly Bill No.
4 1484 (“AB 1484”), and Resolution No. 11-12, adopted by the City’s Board of Supervisors and
5 Mayor on January 26, 2012, Ordinance No. 215-12, adopted by the City’s Board of
6 Supervisors and Mayor on October 12, 2012, and the approved housing asset list submitted
7 by City to, and approved by, the State of California Department of Finance pursuant to AB
8 1484 (Cal. Health & Safety Code, Section 34176(a)(2)), the City, acting by and through the
9 Mayor’s Office of Housing and Community Development (“MOHCD”), is successor in interest
10 to the Agency’s rights with respect to the Land and the Ground Lease; and

11 WHEREAS, On May 7, 2020, MGII, assigned to MHDC Mariposa Gardens LLC, a
12 California limited liability company (MHDC MG), and MHDC MG accepted the assignment
13 from MGII of all of MGII’s rights and obligations with respect to the Ground Lease; and

14 WHEREAS, In order to facilitate the refinancing and rehabilitation of the Project,
15 MHDC MG desires to transfer the Ground Lease to a new entity, MHDC Mariposa
16 Gardens Associates LP, a California limited partnership (“Lessee”); and

17 WHEREAS, Upon assignment of the Ground Lease, City and Lessee desire to
18 amend and restate the Ground Lease; and

19 WHEREAS, The amended and restated Ground Lease (the “Amended Lease”)
20 will facilitate financing, rehabilitation, and operation of the Property by Lessee; and

21 WHEREAS, The proposed rent of the Amended Lease is less than Market Rent
22 (as defined in Administrative Code, Section 23.2), but the purpose of the Amended
23 Lease is solely to implement the mission of MOHCD, and the lower rent will serve a
24 public purpose of providing affordable housing for low-income households in need; and

25

1 WHEREAS, MOHCD and the Director of Property have approved the form of the
2 Amended Lease, pursuant to which MOHCD will lease the Property to the Lessee for a
3 Base Rent of \$20,000 per year, in exchange for the Lessee's agreement, among other
4 things, to rehabilitate and operate the Project with rent levels for 19 units affordable to
5 households up to 50% of unadjusted San Francisco Area Median Income ("AMI") and
6 rent levels for 43 units affordable to households up to 60% of AMI; and

7 WHEREAS, A copy of the Amended Lease in substantially final form is on file
8 with the Clerk of the Board of Supervisors in File No. 210187, and is incorporated
9 herein by reference; and

10 WHEREAS, The Amended Lease provides, among other conditions, for a term
11 of 38 years and one 44-year option to extend; and

12 WHEREAS, In a General Plan Referral Letter dated January 6, 2021, the
13 Planning Department has determined that the actions contemplated in this Resolution
14 comply with the California Environmental Quality Act (California Public Resources
15 Code, Sections 21000 et seq.) and are consistent with the eight priority policies of
16 Planning Code, Section 101.1, and such determination is on file with the Clerk of the
17 Board of Supervisors in File No. _____ and is incorporated herein by reference;
18 now, therefore, be it

19 RESOLVED, That the Board of Supervisors hereby adopts the findings
20 contained in a General Plan Referral Letter and hereby incorporates such findings by
21 reference as though fully set forth in this Resolution; and, be it

22 FURTHER RESOLVED, That in accordance with the recommendations of the
23 Director of Property of the Real Estate Division and the Director of MOHCD, the Board
24 of Supervisors hereby approves the Amended Lease, and authorizes the Director of
25 Property (or designee) and the Director of MOHCD (or designee) to execute and

1 deliver the Amended Lease and any such other documents that are necessary or
2 advisable to complete the transaction contemplated by the Amended Lease, and to
3 effectuate the purpose and intent of this Resolution; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director
5 of MOHCD (or designee), in consultation with the City Attorney, to enter into any
6 additions, amendments or other modifications to the Amended Lease (including in each
7 instance, without limitation, the attachment of exhibits), that the Director of MOHCD
8 determine are in the best interests of the City, do not materially decrease the benefits
9 to the City with respect to the Property, or otherwise materially increase the obligations
10 or liabilities of the City, and are necessary or advisable to complete the transaction
11 contemplated herein, effectuate the purpose and intent of this Resolution, and are in
12 compliance with all applicable laws, including the City's Charter, provided that
13 documents that include amendments from what was previously submitted to the Board
14 shall be provided to the Clerk of the Board, as signed by the parties, together with a
15 marked copy to show any changes, within 30 days of execution for inclusion in the
16 official file; and, be it

17 FURTHER RESOLVED, That all actions taken by any City employee or official
18 with respect to the exercise of the Amended Lease authorized and directed by this
19 Resolution and heretofore taken are hereby ratified, approved and confirmed by this
20 Board of Supervisors.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

RECOMMENDED:

/s/
Eric D. Shaw, Director,
Mayor's Office of Housing and Community Development

/s/
Andrico Q. Pennick,
Director of Real Estate