

1 [Lease for Property Located at 150 Otis Street]

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3 **Resolution approving and authorizing a long term ground lease of 150 Otis Street to**
4 **150 Otis Associates, L.P., a California limited partnership, for a term of 70 years with a**
5 **29 year extension option, under San Francisco Charter Section 9.118, for the**
6 **development and operation of affordable housing; and making findings that the lease**
7 **is in conformance with CEQA, the City's General Plan, and the priority policies of**
8 **Planning Code Section 101.1.**

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10 WHEREAS, On November 26, 2002, the Board of Supervisors passed Chapter 23A
11 Surplus City Property Ordinance which directs the City Administrator to compile a report of
12 the City's surplus properties which are to be evaluated for their potential as housing or
13 facilities for homeless persons and other affordable housing priorities by the Mayor's Office
14 of Housing ("MOH"); and,

15 WHEREAS, the City's Human Services Agency declared 150 Otis Street surplus
16 property and the Board of Supervisors through Ordinance No. 96-04 transferred
17 jurisdiction of the property to MOH for assessment as affordable housing consistent with
18 Chapter 23A; and,

19 WHEREAS, after review and evaluation by MOH, the Citizens Advisory Committee of
20 the Surplus City Property recommended that MOH issue a Request for Proposals for the
21 development and operation of the building located at 150 Otis Street in San Francisco (the
22 "Property") as housing for the homeless; and,

23 WHEREAS, In January 2008 MOH issued a Request for Proposals (the "RFP") to
24 select a qualified nonprofit developer for services that would include the adaptive rehabilitation
25 of the Property into a supportive housing project targeted to homeless persons; and,

1 WHEREAS, A review panel established by MOH evaluated responses to the RFP and
2 based on developers' responses and qualifications the review panel recommended that the
3 partnership of Swords to Plowshares and Chinatown Development Community Center be
4 selected as the project sponsor; and,

5 WHEREAS, on or about April 2008, MOH issued a letter informing Swords to
6 Plowshares and Chinatown Community Development Center that its proposal regarding the
7 RFP had been selected, and effective as of January 23, 2009, MOH, Swords to Plowshares
8 and Chinatown Community Development Center entered into an Exclusive Negotiating
9 Agreement for the purpose of, among other things, negotiating the terms and conditions under
10 which MOH would enter into a long term ground lease for the Property; and,

11 WHEREAS, Swords to Plowshares and Chinatown Community Development Center
12 formed a limited partnership called 150 Otis Associates, L.P. that will act as the "Developer"
13 for the project; and,

14 WHEREAS, The proposed project (the "Project") will be the adaptive rehabilitation of
15 an existing city landmarked, federal historically significant building into service space and 76
16 studio units (including 1 manager's unit) of affordable rental housing of which 75 units will be
17 targeted to homeless veterans who, for 55 years after recordation of the memorandum of
18 lease, shall have income no higher than 50% of the Area Median Income (as determined by
19 the U. S. Department of Housing and Urban Development and as calculated by MOH), and
20 income no higher than 60% of the Area Median Income for the remaining term of the Lease
21 (the "Occupancy Restrictions"); and,

22 WHEREAS, In order to implement the Project, MOH and the Developer negotiated a
23 long-term ground lease (the "Lease"), in substantially the form of the Lease filed with the Clerk
24 of the Board of Supervisors in File No. _____; and,

1 WHEREAS, The Lease includes: (i) a term of 70 years, with an extension option of 29
2 years; (ii) Developer's acceptance of the Property "as-is" without representation or warranty;
3 (iii) annual base rent in the amount of Fifteen Thousand Dollars (\$15,000); and (iv) the
4 Occupancy Restrictions; and,

5 WHEREAS, During the Lease term, Developer shall maintain and repair the Property at
6 no cost to the City, as further set forth in the Lease; and,

7 WHEREAS, Pursuant to the Lease, prior to recordation of the memorandum of Lease
8 and delivery of possession of the Property to Developer, the Developer must satisfy certain
9 conditions including but not limited to: (i) obtain MOH approval of certain construction
10 documents for the Project, (ii) obtain Board of Supervisors approval of the Lease, (iii) execute
11 and record a reciprocal easement agreement with the Human Services Agency ("HSA") with
12 respect to access and use rights and responsibilities for certain shared building elements with
13 the adjacent property located at 170 Otis which is owned and operated under the HSA's
14 jurisdiction, and (iv) obtain the consent or a quitclaim deed from the San Francisco Unified
15 School District to permit the Lease; and,

16 WHEREAS, On April 22, 2010, the Planning Commission ("Commission") adopted
17 Resolution No. 18077, a copy of which is on file with the Clerk of the Board in File No.
18 100330, in which the Commission set forth findings that the Project is consistent with the
19 City's General Plan and the Eight Priority Policies of Planning Code Section 101.1; and

20 WHEREAS, On April 21, 2010, in Resolution No. 18077, the Commission, in
21 accordance with Title 14 of the California Code of Regulations, Chapter 3, Article 19, Section
22 15332 (CEQA State Guidelines), adopted a Negative Declaration determination for the Project
23 under the California Environmental Quality Act ("CEQA"); and,

24 WHEREAS, On May 27, 2010 this Board of Supervisors (the "Board") approved
25 Ordinance No. 110-10, a copy of which is on file with the Clerk of the Board in File No.

1 100330, in which this Board affirmed the Negative Declaration determination, adopted
2 environmental findings pursuant to CEQA, and adopted the Commission's findings with
3 respect to the General Plan and the Eight Priority Policies of Planning Code Section 101.1
4 Gen, the terms of which are hereby incorporated into this Resolution; now, therefore, be it

5 RESOLVED, That the Board of Supervisors hereby approves the Lease and authorizes
6 MOH, through its Director, to finalize negotiations for the Lease and following the negotiations
7 for the Lease authorizes the Director of Property to execute and deliver the Lease; and be it

8 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
9 MOH, in consultation with the City Attorney, to enter into any additions, amendments or other
10 modifications to the Lease (including in each instance, without limitation, the attachment of
11 exhibits) that the Director of MOH determines are in the best interests of the City, do not
12 decrease the revenues to the City in connection with the Property, or otherwise materially
13 increase the obligations or liabilities of the City, and are in compliance with all applicable laws,
14 including City's Charter, and the Board of Supervisors authorizes the Director of Property to
15 execute such additions, amendments or other modifications to the Lease; and be it

16 FURTHER RESOLVED, That the Board hereby finds that the Lease is consistent with
17 the General Plan and with the Eight Priority Policies of City Planning Code Section 101.1, and
18 is in compliance with CEQA for the same reasons as set forth in Ordinance No. 110-10, a
19 copy of which is on file with the Clerk of the Board in File No. 100330.