

File No. 110916

Committee Item No. 6

Board Item No. 19

# 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"/>            | Budget & Legislative Analyst Report          |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ethics Form 126                              |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form (for hearings)             |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
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### OTHER

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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.

1 [Real Property Lease Amendment - Northeast Corner of Octavia Boulevard and Fell Street]

2  
3 **Resolution approving an amendment of lease between the City and County of San**  
4 **Francisco and PROXYdevelopment, LLC, for property located at the northeast corner of**  
5 **Octavia Boulevard and Fell Street, commonly known as a portion of Assessor's Block**  
6 **No. 0817, Lot No. 33 (Parcel L), to extend the lease term from four years to five years.**  
7

8 WHEREAS, The State of California transferred certain real property located at the  
9 northeast corner of Octavia Boulevard and Fell Street and commonly known as a portion of  
10 Assessor's Block 0817, Lot 33 (Parcel L) to the City and County of San Francisco (City) as  
11 part of the demolition of the former Central Freeway and on the condition that City use the  
12 proceeds from any disposition of Parcel L in connection with City's Octavia Boulevard project  
13 and for transportation and related purposes set forth in Section 72.1(f)(1) of the California  
14 Streets and Highways Code; and,

15 WHEREAS, The Board of Supervisors authorized a four year lease (Original Lease) of  
16 Parcel L to PROXYdevelopment, LLC (Tenant) for an initial monthly base rent of \$2,000,  
17 adjusted annually, and a share of bonus rent under Resolution No. 385-10, adopted by the  
18 Board of Supervisors on August 3, 2010 and approved by the City's Mayor on August 12,  
19 2010, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 100669;  
20 and,

21 WHEREAS, Tenant and City wish to extend the term of the Original Lease to five years  
22 under an amendment to lease substantially in the form on file with the Clerk of the Board of  
23 Supervisors in File No. 110916 (Lease Amendment); and,

24 WHEREAS, The Director of Planning, by letter dated ~~April 26, 2011~~ <sup>May 14, 2010</sup>, a copy of which is  
25 on file with the Clerk of the Board of Supervisors in File No. 110916, found that the

1 proposed Lease Amendment is categorically exempt from environmental review and in  
2 conformance with the City's General Plan; now, therefore, be it

3 RESOLVED, That in accordance with the recommendation of the Director of Office of  
4 Economic and Workforce Development and the Director of Property, the Director of Property  
5 is hereby authorized to execute the Lease Amendment; and, be it

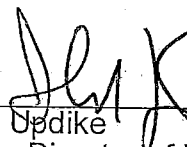
6 FURTHER RESOLVED, That all actions heretofore taken by any City employee or  
7 official with respect the Lease Amendment are hereby approved, confirmed and ratified; and,  
8 be it

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

15 RECOMMENDED:

16  
17 

18 \_\_\_\_\_  
19 Jennifer Matz  
20 Director, Office of Economic  
21 and Workforce Development

22  
23 

24 \_\_\_\_\_  
25 John Urdike  
Acting Director of Property

**FIRST AMENDMENT TO LEASE**  
(Parcel L)

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 ("Tenant").

**RECITALS**

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

B. Tenant wishes to extend the term of the Original Lease from four 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 Tenant 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 Lease is hereby deleted in its entirety and replaced with the following language:

4.2 Commencement Date and Expiration Date. The "Commencement Date" shall be November 1, 2010, and the "Expiration Date" shall be the fifth (5<sup>th</sup>) anniversary of the Commencement Date.

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

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

3. No Joint Venture. Neither this Amendment nor any activity by the City hereunder creates a partnership or joint venture between the City and Tenant relating to the Premises, the Original Lease or otherwise. This Amendment does not constitute authorization or approval by the City of any activity conducted at the Premises by Tenant or any of its Agents (as defined in the Original Lease), permittees or sublessees, and the City shall in no way be responsible for the

acts or omissions of Tenant or any of Agents, its permittees or sublessees on the Premises or otherwise.

4. 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.

5. References. No express reference to this Amendment is necessary in any instrument or document that refers to the Original Lease. As of the Effective Date, any reference to the Original Lease after the date of this Amendment shall be deemed a reference to the Original Lease as amended by this Amendment.

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

7. Miscellaneous. Except as expressly modified herein, the terms, covenants and conditions of the Original Lease 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 Lease. Tenant and City hereby ratify and confirm all of the provisions of the Original Lease as amended by this Amendment.

TENANT:

PROXYDEVELOPMENT, LLC,  
a California limited liability company

By:   
Douglas Burnham, Manager

Date: 07.28.2011

CITY:

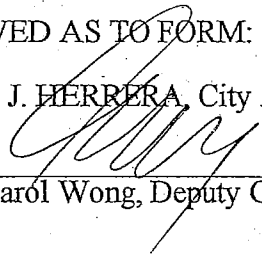
CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

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 Tenant Licensees**

- Biergarten, LLC

**EXHIBIT B**

**Licensee Estoppel Certificate**

This Estoppel Certificate (this "Certificate") is made as of \_\_\_\_\_, 2011 ("Effective Date"), by PROXYDEVELOPMENT, LLC, a California limited liability company ("Subtenant"), and \_\_\_\_\_ ("Licensee"), for the benefit of the City and County of San Francisco, a municipal corporation ("City").

RECITALS

A. City leases the property located in San Francisco, California, commonly known as Parcel K and depicted on the attached Schedule 1 ("Premises"), from the Redevelopment Agency of the City and County of San Francisco ("Master Landlord") pursuant to a Ground Lease dated as of January 30, 2004, as amended by a First Amendment to Ground Lease dated as of March 16, 2010, and a Second Amendment to Ground Lease dated as of April 19, 2011 (as amended, the "Master Lease").

B. Subtenant subleases the Premises pursuant to a Lease dated as of July 14, 2010, as amended by a First Amendment to Lease dated as of \_\_\_\_\_, 2011 (as amended, the "Sublease").

C. Pursuant to a \_\_\_\_\_ between Subtenant and Licensee, dated as of \_\_\_\_\_ ("License"), Subtenant has authorized Licensee to use a portion of the Premises, and Subtenant and Licensee wish to confirm certain facts and request City's consent to Licensee's use of the Premises.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Subtenant and Licensee each hereby confirms, represents and warrants to City as follows:

1. Accuracy. All of the information specified above and elsewhere in this Certificate is accurate as of the Effective Date.

2. License. A complete and correct copy of the License attached hereto as Schedule 2, which is currently valid and in full force and effect, contains all of the understandings and agreements between Subtenant and Licensee with respect to the Premises, and has not been amended, supplemented or changed by letter agreement or otherwise, except as follows (if none, indicate so by writing "NONE" below):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. License Fee. Licensee is required to pay the following fees, charges and other payments to Subtenant in consideration for Licensee's use of the Premises, paid in the manner described below:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4. Improvements. Licensee has installed the following improvements at the Premises:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. Delivery of Master Lease and Sublease. Subtenant has delivered a complete and correct copy of the Master Lease and Sublease to Licensee, and Licensee acknowledges and agrees as follows: (i) Licensee's rights to use the Premises are subject and subordinate to the terms and conditions of the Master Lease and Sublease; (ii) any termination of the Master Lease or the Sublease shall terminate Subtenant's and Licensee's right to use or otherwise occupy the Premises; (iii) Licensee shall not take any action that would cause Subtenant to be in default under the Sublease or cause City to be in default under the Master Lease; (iv) neither City nor Master Landlord have any obligations to Licensee with respect to the Premises; and (v) City shall not be deemed to have approved of the License or Licensee's use of the Premises unless City delivers written consent thereto within sixty (60) days of City's receipt of the License and this Certificate, completed and executed by Subtenant and Licensee.

6. Due Execution and Authorization. The undersigned, and any person executing this Certificate on behalf of the undersigned, represent and warrant that they are duly authorized to execute this Certificate.

7. Successors and Assigns. This Certificate will be binding upon and inure to the benefit of Subtenant, Licensee and City, as well as their respective heirs, legal representatives, successors and assigns.

IN WITNESS WHEREOF, each of the undersigned has executed this Certificate as of the Effective Date.

SUBTENANT:

PROXYDEVELOPMENT, LLC,  
a California limited liability company

By: \_\_\_\_\_  
Douglas Burnham, Manager

Date: \_\_\_\_\_

LICENSEE:

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Date: \_\_\_\_\_



Schedule 1

Depiction of Premises

[see attached]

Schedule 2

License

[see attached]

**EXHIBIT C**

**Master Lease Second Amendment**

## SECOND AMENDMENT TO GROUND LEASE

This SECOND AMENDMENT TO GROUND LEASE ("Amendment") is entered into as of April 19, 2011, by and between the REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO ("Agency" or "Landlord"), a public body, corporate and politic, established pursuant to the Community Redevelopment Law of the State of California, and the CITY AND COUNTY OF SAN FRANCISCO ("City" or "Tenant"), a municipal corporation.

### RECITALS

A. Landlord and Tenant executed a Ground Lease dated as of January 30, 2004 (the "Ground Lease"), which was authorized by Landlord through Resolution 38-2002, adopted February 26, 2002, concerning the lease of a portion of Lot 030, Block 0817 (the "Premises"), on a month-to-month term for the parking uses consistent with the parking uses that existed on the Premises as of the date of the Lease, and for use as a staging area for construction purposes in connection with the City's Octavia Boulevard Project. Terms not defined herein shall have the meaning given to the term in the Ground Lease and the Ground Lease, as modified by this Amendment, shall be referred to as the "Lease".

B. The Premises have been designated by the Agency as a future site for housing development as part of the Agency's Citywide Tax Increment Housing Program. The Agency does not anticipate development to commence within the next four years.

C. The City requested that terms of the Ground Lease be amended to allow for uses other than parking or construction staging and to extend the term of the Ground Lease for three years.

D. On March 16, 2010, the Agency authorized a First Amendment to the Ground Lease (the "First Amendment"), allowing the Agency's Executive Director to approve interim uses other than for parking or construction and to change the term of the Lease from a month-to-month to fixed three year term.

E. In August 2010, pursuant to the First Amendment, the Executive Director approved such a request from the City to allow non-parking or construction interim uses and approved a fixed term of three years, commencing on September 1, 2010 and expiring on September 1, 2013, and approved the City's proposed sublease ("Sublease") of the Premises to Proxydevelopment LLC for such three year term.

F. The City may wish to extend the term of the Sublease, which would require a corresponding change in the term of the Ground Lease, and the Agency and City desire to modify the Ground Lease to allow for a two year extension to the current three year term if City requests such extension in writing and Agency's Executive Director approves of such request.

G. Accordingly, the Landlord and Tenant desire to modify certain terms of the Ground Lease and are entering into this Amendment.

## AGREEMENT

NOW THEREFORE, in consideration of the mutual obligations of the parties hereto, the Landlord and Tenant hereby amend the Lease, for the term, and subject to the terms, covenants, agreements and conditions hereinafter set forth, to each and all of which the Landlord and Tenant hereby mutually agree.

1. **ARTICLE 2: TERM** Section 2.1 of the Ground Lease is deleted in its entirety and replaced with the following language:

**2.1 Term of Lease.** The Premises are leased for a month-to-month term (the "Term") commencing as of February 1, 2004. Landlord may terminate this Lease as to any portion of the Premises upon sixty-(60) days written notice to City. Landlord agrees that it shall not terminate the Lease as provided hereunder until Landlord requires site control of the Premises or any portion thereof for development. The Executive Director of the Agency may, upon request of the City, modify the Term to be a fixed term of up to five years if the Landlord does not foresee development of affordable housing by the Agency on the Premises within such fixed term. Landlord shall not have the right to terminate the Lease during any such fixed term except pursuant to its rights under Section 12.1 of the Ground Lease. Following the termination of such fixed term, the Term shall return to a month-to-month basis.

2. **ARTICLE 7: REPAIRS AND MAINTENANCE** Section 7.3 is hereby added:

**7.3 Trash Control.** The Tenant must 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 any sub-tenants.

3. **ARTICLE 18: SPECIAL PROVISIONS** Sections 18.4 and 18.5 are hereby added:

**18.4 Outreach to Vendors.** The Tenant must take, or ensure that any subtenants take, good faith efforts to outreach to vendors who currently do business in current Redevelopment Project Areas established by 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 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 Tenant's 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 Landlord. All outreach efforts must be documented by Tenant's subtenant, and available for Landlord and Tenant review.

**18.5 Required Signage Related to Future Use of Premises.** The Tenant's subtenant must provide, install, and maintain signage indicating that the Premises are intended to be developed into affordable housing and that any other activities or uses allowed by the Tenant are temporary in nature. The Landlord shall review and approve such signage prior to its installation, which shall be comprised of a sign that is visible from the portion of Hayes Street that abuts the Premises and is no less than three feet by three feet.

4. **MISCELLANEOUS** (a) This Amendment shall become effective on the date that it is executed by Landlord and Tenant; (b) If there is any conflict between this Amendment and

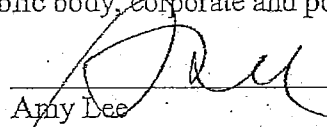
the Lease, this Amendment shall control. If any one or more of the provisions in this Amendment is invalid, illegal or unenforceable in any respect; the remaining provisions contained herein shall not be affected in any way thereby; (c) This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument; and, (d) If 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.

IN WITNESS WHEREOF, the Tenant and the Landlord have executed this Second Amendment to the Ground Lease as of the day and year first above written.

LANDLORD:

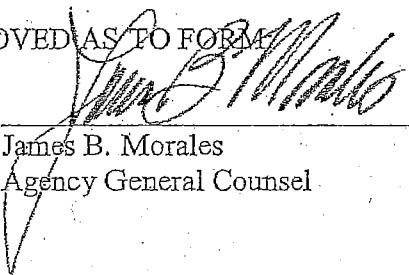
Authorized by Agency Resolution  
No. 47-2011, adopted April 19, 2011.

REDEVELOPMENT AGENCY OF THE CITY  
AND COUNTY OF SAN FRANCISCO,  
a public body, corporate and politic

By:   
Amy Lee  
Deputy Executive Director  
Finance & Administration

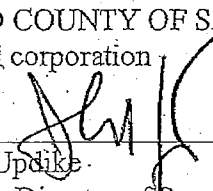
Date: \_\_\_\_\_

APPROVED AS TO FORM

By:   
James B. Morales  
Agency General Counsel

CITY:

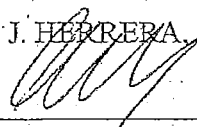
CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By:   
John Uptake  
Acting Director of Property

Date: July 15, 2011

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By:   
Carol Wong  
Deputy City Attorney



# 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

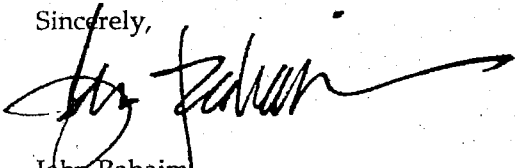
The Major Environmental Review section of the Planning Department has determined that the Project is exempt from Environmental Review as a non physical project per CEQA Guidelines Section 15060(c)(2).

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

RE: 2008.0879R

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

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

Reception:  
415.558.6378

Fax:  
415.558.6409

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 Rahala  
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 ✓

FORMER CENTRAL FREEWAY PARCELS FOR SALE

EXHIBIT A

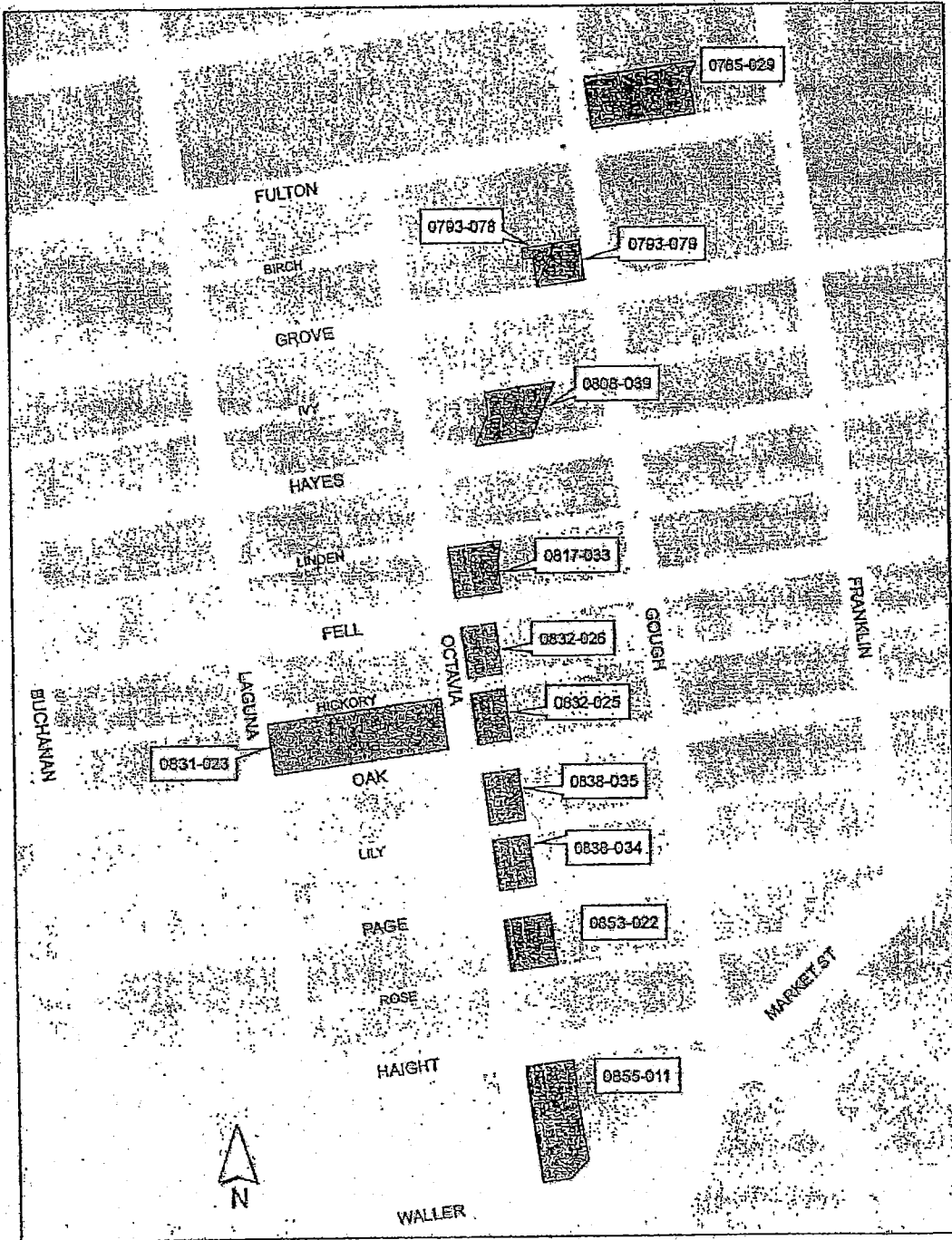


EXHIBIT B

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.*

*Predominately 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 1.1**

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

**POLICY 1.1.1**

*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)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors.	City elective office(s) held: Members, Board of Supervisors
<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: PROXYdevelopment 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) Douglas Burnham, sole member. 3) Douglas Burnham, sole member. 4) None. 5) None.	
Contractor address: 1661 20 <sup>th</sup> Street, No. 1, Oakland CA 94607	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contract: One year extension of lease with a monthly rent of \$2,000.
Describe the nature of the contract that was approved: Lease between the City and county of San Francisco and PROXYdevelopment for Parcel L of Lctavia Boulevard Central freeway Parcels.	
Comments:	

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

<b>Filer Information</b> <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