

1 [Grant of Easements - Pacific Gas and Electric Company - 593 Total Square Feet for  
2 Electrical and Gas Utilities to Serve 100% Affordable Housing at 4840 Mission - At No Cost]

3 **Resolution approving and authorizing a grant of two easements on the City's property**  
4 **located at 4840 Mission Street (Assessor's Parcel Block No. 6959, Lot No. 35),**  
5 **consisting of an easement of 198 square feet of land at the northwest edge of the**  
6 **parcel for electrical equipment and an easement of 395 square feet of land at the**  
7 **northern edge of parcel for gas equipment, between the City and County of San**  
8 **Francisco and Pacific Gas and Electric Company ("PG&E"), for the purpose of**  
9 **providing electrical and gas utilities to 100% affordable housing located on the City's**  
10 **property, at no cost for a term effective upon approval of this Resolution and until**  
11 **PG&E surrenders or abandons the easement areas or the agreement is terminated;**  
12 **determination that the grant of the easements at no cost will serve a public purpose by**  
13 **providing affordable housing for extremely low, very low, low, and moderate income**  
14 **households in need and facilitate electric service by the San Francisco Public Utilities**  
15 **Commission, in accordance with Administrative Code, Section 23.3; and authorizing**  
16 **the Director of Property to execute documents, make certain modifications and take**  
17 **certain actions in furtherance of this Resolution, as defined herein.**

18  
19 WHEREAS, City is the fee owner of Assessor's Parcel Block No. 6959, Lot No. 35, San  
20 Francisco, also known by its street address as "4840 Mission Street (the "Property") under the  
21 jurisdiction of the Mayor's Office of Housing and Community Development ("MOHCD"); and

22 WHEREAS, The City and County of San Francisco, acting through MOHCD,  
23 administers a variety of housing programs that provide financing for the development of new  
24 housing and the rehabilitation of single- and multi-family housing for low- and moderate-  
25 income households in San Francisco; and

1           WHEREAS, MOHCD enters into loan agreements and ground leases with affordable  
2 housing developers and operators; administers loan agreements; reviews annual audits and  
3 monitoring reports; monitors compliance with affordable housing requirements in accordance  
4 with capital funding regulatory agreements; and if necessary, takes appropriate action to  
5 enforce compliance; and

6           WHEREAS, MOHCD selected 4840 Mission Housing Associates, L.P., a California  
7 limited partnership (“Borrower”), with Bridge Housing Corporation, a nonprofit public benefit  
8 corporation, as the general partner, to develop and construct a 100% affordable 135-unit  
9 affordable rental property for extremely low-, very low-, low- and moderate-income  
10 households, along with two managers units and 4,407 square feet of commercial space for  
11 public benefit, on the Property (the “Project”); and

12           WHEREAS, By a letter dated June 14, 2019 (the “Planning Department Authorization”),  
13 the Planning Director deemed the Project consistent with the General Plan and eight priority  
14 policies of Planning Code, Section 101.1, a copy of the authorization with the is on file with the  
15 Clerk of the Board of Supervisors in File No. 210383, and is incorporated herein by reference;  
16 and

17           WHEREAS, Under Resolution No. 208-21, the Board of Supervisors approved a Loan  
18 Agreement between the City and Borrower (“Loan Agreement”) and a Ground Lease between  
19 the City and Borrower (“Ground Lease”), fully executed copies of which are on file with the  
20 Clerk of the Board of Supervisors in File No. 210383, for the purpose of providing a loan in the  
21 amount up to \$28,751,450 (the “Loan”) and a lease of the Property for up to 99 years,  
22 respectively, to the Borrower for development and construction of the Project; and

23           WHEREAS, On June 1, 2021, the Borrower closed construction and permanent  
24 financing for the Project, which included tax exempt multifamily revenue bonds issued by the  
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1 City and low income housing tax credits, and commenced construction of the Project on June  
2 16, 2021; and

3 WHEREAS, Administrative Code, Section 99.3, requires all tenants of the City to  
4 receive electric service from the San Francisco Public Utilities Commission (“SFPUC”) unless  
5 the SFPUC determines that such service is not feasible, but such tenants will continue to use  
6 the distribution infrastructure owned by Pacific Gas & Electric (“PG&E”); and

7 WHEREAS, Under Resolution No. 541-21, the Board of Supervisors approved an  
8 agreement between the City and PG&E (“PG&E Agreement”) in which PG&E agreed to  
9 provide secondary-level wholesale distribution service to SFPUC for new 100 percent  
10 affordable housing projects that are on City-owned land; and

11 WHEREAS, The Borrower was required to commence construction of the Project prior  
12 to approval and execution of the PG&E Agreement and could not determine the design,  
13 feasibility, or the cost to change electric service from PG&E to the SFPUC prior to the  
14 required construction commencement date, which resulted in additional construction costs  
15 that were not budgeted under the Loan Agreement and construction delays of over six months  
16 to negotiate new agreements and redesign the Project; and

17 WHEREAS, Under Resolution No. 205-23, the Board of Supervisors approved a First  
18 Amendment to the Loan Agreement between the City and Borrower, a copy of which is on file  
19 with the Clerk of the Board of Supervisors in File No. 210383 (“First Loan Amendment  
20 Agreement”), increasing the Loan to an amount not to exceed \$37,728,757 to finance  
21 additional construction costs related to the redesign of the Project for the conversion of PG&E  
22 services to the SFPUC; and

23 WHEREAS, Based on the redesign of the Project under the PG&E Agreement, PG&E  
24 requires two easements on the Property for the purpose of locating PG&E equipment to  
25 covert electric service to the SFPUC and serve gas to the Project; and

1           WHEREAS, For the purpose of assisting the completion of the redesigned Project, the  
2 City desires to grant PG&E with two easements consisting of 198 square feet of land at the  
3 northwest edge of the Property for PG&E’s electrical equipment and 395 square feet of land at  
4 the northern edge of the Property for PG&E’s gas equipment, for a total of 593 square feet of  
5 the Property (collectively, the “Easements”), at no cost pursuant to an Easement Agreement  
6 in substantially the form approved by the Director of Property and the Director of MOHCD on  
7 file with the Clerk of the Board of Supervisors in File No. 230934, incorporated herein by  
8 reference; and

9           WHEREAS, The proposed grant of Easements at no cost under the Easement  
10 Agreement is less than fair market value (as described in Administrative Code, Section 23.3),  
11 but the grant at no cost will further a proper public purpose by providing affordable housing for  
12 extremely low-, very low-, low-, and moderate-income households in need and facilitate  
13 electric service provided by the SFPUC; and

14           WHEREAS, The Director of Property has determined the fair market value of the  
15 Easements under the Easement Agreement is less than Ten Thousand Dollars (\$10,000)  
16 based on a review of available and relevant data; now, therefore, be it

17           RESOLVED, That the Board of Supervisors finds that the public interest or necessity  
18 will not be inconvenienced by the conveyance of the Easements, because the Easements are  
19 located within the Property leased to the Borrower under the Ground Lease and will not  
20 impede or obstruct the construction of Project or any public right of way; and, be it

21           FURTHER RESOLVED, That the Board of Supervisors finds that a grant of the  
22 Easements to PG&E at no cost will further a proper public purpose of creating affordable  
23 housing for extremely low-, very low-, low- and moderate-income households at the Project  
24 and facilitating electric service by the SFPUC; and, be it

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1           FURTHER RESOLVED, That in accordance with the recommendation of the Director  
2 of Property and the Director of MOHCD, the Board of Supervisors hereby approves the grant  
3 of the Easements at no cost under the terms and conditions of the Easement Agreement, in  
4 substantially the form of the Easement Agreement presented to the Board, and authorizes the  
5 Director of Property, in the name and on behalf of the City and County of San Francisco, to  
6 execute the Easement Agreement; and, be it

7           FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
8 Property to enter into any amendments or modifications to the Easement Agreement  
9 (including, without limitation, the attached exhibits) that the Director of Property determines, in  
10 consultation with the City Attorney, are in the best interest of the City, do not otherwise  
11 materially diminish the benefits to the City or increase the obligations or liabilities of the City,  
12 are necessary or advisable to effectuate the purposes of the Easement Agreement and are in  
13 compliance with all applicable laws, including City's Charter; and, be it

14           FURTHER RESOLVED, That the Director of Property is hereby authorized and urged,  
15 in the name and on behalf of the City and County of San Francisco, to take any and all steps  
16 (including, but not limited to, the execution and delivery of any and all certificates,  
17 agreements, notices, consents, escrow instructions, closing documents and other instruments  
18 or documents) as the Director of Property deems necessary or appropriate in order to  
19 consummate the conveyance of the Easements pursuant to the Easement Agreement, or to  
20 otherwise effectuate the purpose and intent of this resolution, such determination to be  
21 conclusively evidenced by the execution and delivery by the Director of Property of any such  
22 documents; and, be it

23           FURTHER RESERVED, That within thirty (30) days of the Easement Agreement being  
24 fully executed by all parties, MOHCD shall provide the final agreement to the Clerk of the  
25 Board for inclusion into the official file.

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RECOMMENDED:

/s/  
Andrico Q. Penick , Director of Property

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