

1 [Acquisition of Real Property - 1939 Market Street - Sheet Metal Workers' International  
2 Association, Local Union No. 104 - \$12,000,000]

3 **Resolution approving and authorizing the Director of Property, on behalf of the**  
4 **Mayor's Office of Housing and Community Development, to acquire real property,**  
5 **located at 1939 Market Street from Sheet Metal Workers' International Association,**  
6 **Local Union No. 104, for purchase at \$12,000,000 inclusive of a deposit in the amount**  
7 **of \$500,000; placing the property under the jurisdiction of the Mayor's Office of**  
8 **Housing and Community Development for use in constructing affordable housing for**  
9 **San Franciscans; adopting findings that the conveyance is consistent with the**  
10 **General Plan, and the eight priority policies of Planning Code, Section 101.1;**  
11 **authorizing the Director of Property to execute documents, make certain**  
12 **modifications and take certain actions in furtherance of the purchase agreement and**  
13 **this Resolution, as defined herein, including assuming certain leases, entering into a**  
14 **leaseback with seller, and assuming certain service contracts; and affirming the**  
15 **Planning Department's determination under the California Environmental Quality**  
16 **Act.**

17  
18 WHEREAS, The Mayor's Office of Housing and Community Development  
19 ("MOHCD") is responsible for the funding and development of affordable housing in the City of  
20 and County of San Francisco; and

21 WHEREAS, City desires to acquire certain real property (Assessor's Parcel Block  
22 No. 3501, Lot Nos. 006 and 007) located at 1939 Market Street (the "Property") for purposes  
23 of building affordable housing on the Property; and

24 WHEREAS, Sheet Metal Workers' International Association, Local Union No. 104  
25 (the "Seller") and City, through its MOHCD and Real Estate Division, after consultation with

1 the Office of the City Attorney, have negotiated an Agreement of Purchase and Sale for Real  
2 Estate, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 200042  
3 (the "Purchase Agreement"), for sale of the Property to the City for \$12,000,000, inclusive of a  
4 deposit in the amount of \$500,000 (the "Deposit"); and

5 WHEREAS, MOHCD has evaluated the Property and confirmed that it can utilize the  
6 Property for development of permanently affordable housing; and

7 WHEREAS, The Director of Property determines the Property to be at or below fair  
8 market value; and

9 WHEREAS, The Planning Department, through General Plan Referral letter dated  
10 January 13, 2020, found that the acquisition of the Property is not defined as a project under  
11 California Environmental Quality Act ("CEQA") Guidelines, Sections 15378 and 15060(c)(2),  
12 and is consistent with the General Plan, and the eight priority policies of Planning Code,  
13 Section 101.1, which letter is on file with the Clerk of the Board of Supervisors in File No.  
14 200042, and incorporated herein by this reference; and

15 WHEREAS, There exists certain leases (the "Leases") between the Seller and other  
16 tenants that the City will assume; and

17 WHEREAS, City and Seller have negotiated an Office Lease ("Leaseback") as  
18 attached to the Purchase Agreement, and City and Seller (as future tenant) will enter into the  
19 Leaseback for a period of 24 months upon City's acquisition of the Property; and

20 WHEREAS, There are certain service contracts (the "Service Contracts") that City  
21 may expressly agree to assume related to the operation and security of the Property; and

22 WHEREAS, The Property will be delivered vacant except for the Leases, the  
23 Leaseback, and Service Contracts at close of sale; now, therefore, be it  
24  
25

1 RESOLVED, That MOHCD has legal authority, is willing, and is in a position  
2 financially and otherwise to assume immediate care and maintenance of the Property, and, be  
3 it

4 FUTHER RESOLVED, This Board affirms the CEQA determination and adopts  
5 General Plan Findings, finding that this proposed acquisition is consistent with the General  
6 Plan; and, be it

7 FURTHER RESOLVED, That in accordance with the recommendation of the  
8 Director of MOHCD and the Director of Property, the Board of Supervisors approves the  
9 Purchase Agreement (including the attached Leaseback) in substantially the forms presented  
10 to the Board, and authorizes the Director of Property (or the Director's designee, to be applied  
11 throughout) to accept the deed to the Property from the Seller upon the closing in accordance  
12 with the terms and conditions of the Purchase Agreement, place the Property under the  
13 jurisdiction of MOHCD, and to take any and all actions (including, but not limited to, the  
14 execution and delivery of any and all certificates, assumption of Leases and Services  
15 Contracts, agreements notices, consents, escrow instructions, closing documents and other  
16 instruments or documents, including entering into the Leaseback) as the Director of Property,  
17 after consultation with the Director of MOHCD and the Office of the City Attorney, deems  
18 necessary, or appropriate in order to acquire the Property pursuant to the Purchase  
19 Agreement, or to otherwise effectuate the purpose and intent of this Resolution, such  
20 determination to be conclusively evidenced by the execution and delivery by the Director of  
21 Property of any such documents; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
23 Property and Director of MOHCD (or the Director's designee), in consultation with the City  
24 Attorney, to enter into any additions, amendments, or other modifications to the Purchase  
25 Agreement and any other documents or instruments necessary in connection therewith, that

1 the Director of Property and Director of MOHCD determines are in the best interests of the  
2 City, do not materially decrease the benefits to the City with respect to the Property, do not  
3 materially increase the obligations or liabilities of the City, and are necessary or advisable to  
4 complete the transaction contemplated in the Purchase Agreement (and Leaseback) and that  
5 effectuate the purpose and intent of this Resolution, such determination to be conclusively  
6 evidenced by the execution and delivery by the Director of Property of any such additions,  
7 amendments, or other modifications; and, be it

8           FURTHER RESOLVED, That within thirty (30) days of the contract being fully  
9 executed by all parties, the MOHCD shall provide the final contract to the Clerk of the Board  
10 for inclusion into the official file.

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

\$12,000,000 Available

|                       |   |
|-----------------------|---|
| Fund ID: 10581        | Fund title: SR OCOH Nov18 PropC GF Advance      |
| Department ID: 232065 | Department title: MYR Housing & Community Dev   |
| Project ID: 10035001  | Project title: FY20 ERAF - Housing              |
| Authority ID: 20943   | Authority title: ERAF MOH AffordableHouseAcqDev |
| Account ID: 506070    | Account title: Programmatic Projects-Budget     |
| Activity ID: 0001     | Activity title: FY20 Housing Acquisition & Dev  |

\_\_\_\_\_  
Ben Rosenfield  
Controller

RECOMMENDED:

\_\_\_\_\_  
Dan Adams  
Acting Director of the Mayor's Office of Housing and Community Development

\_\_\_\_\_  
Andrico Penick  
Director of Property