

1 [Ground Lease of Redevelopment Agency Land for Octavia Court Rental Housing.]

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3 **Resolution approving the Redevelopment Agency of the City and County of San**  
4 **Francisco's lease of land at Assessor's Block 839, Lot 29, commonly known as 301 Oak**  
5 **Street/261 Octavia Boulevard, southwest corner of Oak Street and Octavia Boulevard,**  
6 **San Francisco, California (the "Site") in San Francisco's Central Freeway corridor, to**  
7 **OCTAVIA COURT, INC., a California nonprofit public benefit corporation, for 75 years**  
8 **for the purpose of developing housing for very low-income developmentally disabled**  
9 **adult households.**

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11 WHEREAS, The Agency and the City desire to increase the City's supply of affordable  
12 housing and encourage affordable housing development through financial and other forms of  
13 assistance; and,

14 WHEREAS, The Agency-owned parcel located at the southwest corner of Oak Street  
15 and Octavia Boulevard, Assessor's Block 839, Lot 29, San Francisco, California, in San  
16 Francisco's Central Freeway corridor ("Property"; "Site"), is an underutilized lot currently  
17 improved by a surface lot that, by Board of Supervisors Resolution No. 824-01, must be  
18 developed as permanent, quality, affordable supportive housing for very low-income, disabled  
19 individuals ("Project"); and,

20 WHEREAS, The Agency Commission selected Octavia Court, Inc., a California  
21 nonprofit public benefit corporation an affiliate of West Bay Housing Corporation and Satellite  
22 Housing, Inc. ("Developer"), to develop and operate the Project as housing units for very low-  
23 income developmentally disabled adult households; and,

24 WHEREAS, The Agency has provided Developer with financial assistance to leverage  
25 equity from an allocation of low-income housing tax credits and other funding sources in order

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1 to construct 14 (plus one manager's unit) units of affordable rental housing, support service  
2 space, and ground floor art space and studio space, which financing require that the  
3 Developer demonstrate site control; and,

4 WHEREAS, The Agency has proposed a long-term ground lease agreement ("Ground  
5 Lease") with the Developer to allow the Developer to construct and operate improvements on  
6 the Site while allowing the Agency to ensure that the affordability of the housing is maintained  
7 over the long term; and,

8 WHEREAS, The Developer have leveraged the City's financial assistance through  
9 successful applications to the U.S. Department of Housing and Urban Development's Section  
10 811 Supportive Housing for Persons with Disabilities Program, and the State Housing and  
11 Community Development Multifamily Housing Program ("MHP") funding; and,

12 WHEREAS, The Agency and the Developer have entered into an option to ground  
13 lease agreement and intend to enter into a ground lease agreement (the "Ground Lease"), in  
14 which the Agency will lease the Property for Fifty Thousand Dollars (\$50,000.00) per year, in  
15 exchange for the Developer's agreement, among other things, to operate the Project with rent  
16 levels affordable to Very Low Income Households, provided, however, that notwithstanding  
17 any other provision of this Ground Lease, the Annual Rent shall accrue, but shall not be  
18 payable, during the term of the HUD documents, and further, that in the event HUD acquires  
19 title to the property through foreclosure or deed-in-lieu of foreclosure, the accrued amount of  
20 Annual Rent shall be extinguished. Annual Rent shall be payable from available cash flow  
21 and will be due at the end of the Initial Term or after the expiration of the HUD documents,  
22 whichever is earlier. However, during the period of the HUD subsidy, the actual lease  
23 payment will be One Dollar (\$1.00) in compliance with U.S. Department of Housing and Urban  
24 Development's ("HUD") Section 811 Supportive Housing for Persons with Disabilities program  
25 regulations; and,

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1 WHEREAS, Although the Property could command a higher rent, leasing the Property  
2 for a rent in excess of the stated rent would render it financially infeasible to operate the  
3 Project and remain in compliance with HUD 811 regulations and with rent levels affordable to  
4 Very Low Income Households; and,

5 WHEREAS, Because the Property was purchased with tax increment money, Section  
6 33433 of the California Health and Safety Code requires the Board of Supervisors' approval of  
7 its sale or lease, after a public hearing; and,

8 WHEREAS, Notice of the public hearing has been published as required by Health and  
9 Safety Code Section 33433; and

10 WHEREAS, The Agency prepared and submitted a report in accordance with the  
11 requirements of Section 33433 of the Health and Safety Code, including a copy of the  
12 proposed Ground Lease, and a summary of the transaction describing the cost of the Ground  
13 Lease to the Agency, the value of the property interest to be conveyed, the lease price and  
14 other information was made available for the public inspection; now, therefore, be it

15 RESOLVED, That the Board of Supervisors of the City and County of San Francisco  
16 does hereby find and determine that the lease of the Property from the Agency to Octavia  
17 Court, Inc., a California nonprofit public benefit corporation: (1) will provide housing for very  
18 low-income developmentally disabled adults; (2) is consistent with the Agency's citywide Tax  
19 Increment Affordable Housing Program, pursuant to California Health and Safety Code  
20 Section 33342.2, et. seq.; (3) the less than fair market value rent of approximately One Dollar  
21 (\$1.00) per year for a period of seventy-five (75) years is necessary to achieve affordability for  
22 Very Low Income Households; and (4) the consideration to be received by the Agency is not  
23 less than the fair reuse value at the use and with the covenants and conditions and  
24 developments costs authorized by the Ground Lease; and, be it  
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1           FURTHER RESOLVED, That the Board of Supervisors hereby approves and  
2 authorizes the Agency to execute the Ground Lease of the Property from the Agency to  
3 Octavia Court, Inc., a California nonprofit public benefit corporation, substantially in the form  
4 of the Ground Lease lodged with the Agency General Counsel, and to take such further  
5 actions and execute such documents as are necessary to carry out the Ground Lease on  
6 behalf of the Agency.

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# City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

## Tails Resolution

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**File Number:** 081298

**Date Passed:**

Resolution approving the Redevelopment Agency of the City and County of San Francisco's lease of land at Assessor's Block 839, Lot 29, commonly known as 301 Oak Street/261 Octavia Boulevard, southwest corner of Oak Street and Octavia Boulevard, San Francisco, California (the "Site") in San Francisco's Central Freeway corridor, to OCTAVIA COURT, INC., a California nonprofit public benefit corporation, for 75 years for the purpose of developing housing for very low-income developmentally disabled adult households.

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October 21, 2008 Board of Supervisors — ADOPTED

Ayes: 9 - Ammiano, Chu, Daly, Dufty, Elsbernd, Maxwell, McGoldrick,  
Mirkarimi, Peskin

Absent: 2 - Alioto-Pier, Sandoval

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File No. 081298

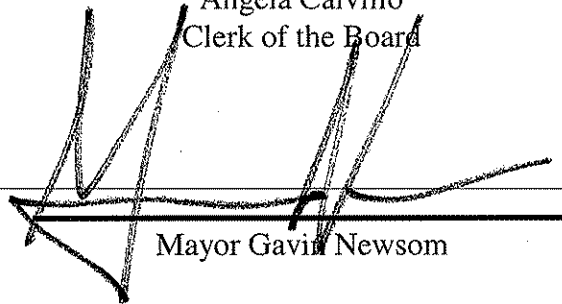
I hereby certify that the foregoing Resolution was ADOPTED on October 21, 2008 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo  
Clerk of the Board

10/30/2008

Date Approved



Mayor Gavin Newsom