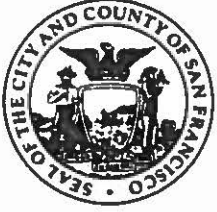


Mayor's Office of Housing and Community Development  
City and County of San Francisco



Edwin M. Lee  
Mayor

Kate Hartley  
Director

December 11, 2017

John Updike  
Director of Real Estate  
City & County of San Francisco  
25 Van Ness, Suite 400  
San Francisco, CA 94102

Re: 700-730 Stanyan Street Acquisition

Dear Mr. Updike:

The Mayor's Office of Housing and Community Development (MOHCD) supports the purchase of 700-730 Stanyan Street, Assessor's Block 1249/Lot 024 (the "Site"), from McDonald's Corporation for affordable housing development.

The Site is in the Haight Neighborhood Commercial District. A McDonald's restaurant is currently operating on the Site and has been since 1978. Prior to McDonald's operation, the site was operated as a dry cleaner and gas station.

MOHCD anticipates development of the Site as permanently affordable housing with up to 186 units, subject to further analysis. Future financing from MOHCD will be within our programmatic parameters for multifamily lending. MOHCD financing would be to fund construction work and eligible costs attributable to the project on terms and conditions satisfactory to MOHCD, and will be subject to availability of funds, compliance with funding requirements, Citywide Affordable Housing Loan Committee approval, execution of all necessary legal documents and any other special terms and conditions related to this project.

MOHCD is in receipt of the following documents and information related to the Site:

- 1) Draft Purchase and Sale Agreement
- 2) Preliminary Report dated August 29, 2017
- 3) Appraisal dated March 21, 2017
- 4) Preliminary Geotechnical Study prepared by Langan, dated October 13, 2017
- 5) Phase I Environmental Site Assessment prepared by Langan, dated October 9, 2017

Based upon our review of the materials provided, the Site is suitable for affordable housing development and meets the City's requirements for land acquisition by the City. Please note the following:

- 1) MOHCD acknowledges there may be an Underground Storage Tank (UST), a recognized environmental condition (REC), cost of removal of which will be included as part of the anticipated future development of the site as affordable housing.
- 2) The tenancy may be eligible for relocation benefits, and the funding source for said benefits, if applicable, would be any rental revenues post-acquisition.
- 3) Real Estate will manage the asset in accordance with terms of an appropriate MOU to be negotiated between Real Estate and MOHCD until such time as the tenant has vacated the premises.
- 4) The City's acceptance of the Site is conditioned on a finding of consistency with the General Plan and approval of the conveyance by the board of supervisors and the Mayor, in their respective sole discretion.

Sincerely,



Kate Hartley  
Director

cc: Sandi Levine, Department of Real Estate  
John Rahaim, SF Planning Department  
Kate Conner, SF Planning Department  
Carly Grob, SF Planning Department