

1 [Ground Lease Amendment - Market Heights 2, LP - 211-291 Putnam Street - \$15,000 Annual
2 Base Rent]

3 **Resolution approving and authorizing a long term amended and restated ground lease**
4 **with Market Heights 2, LP, on City owned land at 211-291 Putnam Street, Assessor's**
5 **Parcel Block No. 5731, Lot 002, for a term of 75 years, to commence following approval**
6 **by the Board of Supervisors, with one 24-year option to extend, and with an annual**
7 **base rent of \$15,000 in order to rehabilitate a 100% affordable, 45-unit multifamily rental**
8 **housing development (plus one staff unit) for low-income persons; adopting findings**
9 **that the amended and restated ground lease is consistent with the California**
10 **Environmental Quality Act, the General Plan, and the eight priority policies of Planning**
11 **Code, Section 101.1; and authorizing the Director of Property and Director of the**
12 **Mayor's Office of Housing and Community Development to execute documents, make**
13 **certain modifications, and take certain actions in furtherance of this Resolution, as**
14 **defined herein.**

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16 WHEREAS, In 1993, the City, through the Mayor's Office of Housing and Community
17 Development ("MOHCD"), (as Landlord) and Boomerang Housing Corporation, a California
18 nonprofit public benefit corporation ("BHC") entered into a ground lease for the land at 211-
19 291 Putnam Street ("Property"), dated December 6, 1993, as amended (the "Existing Ground
20 Lease") for the development of a 100% affordable, 45-unit multifamily rental housing
21 development (plus one staff unit) for low-income persons ("Project"); and

22 WHEREAS, In order to facilitate rehabilitation of the Project, BHC desires to
23 transfer the Existing Ground Lease to a new entity, Market Heights, LP, a California
24 limited partnership ("Lessee"); and

1 WHEREAS, Upon assignment of the Existing Ground Lease to Lessee and
2 concurrently with the closing of the financing necessary for the rehabilitation of the
3 Project, City and Lessee desire to amend and restate the Existing Ground Lease; and

4 WHEREAS, The amended and restated Existing Ground Lease (the “Amended
5 Ground Lease”) will facilitate financing, rehabilitation, and operation of the Property by
6 Lessee; and

7 WHEREAS, An appraisal dated August 2, 2018, valued the Property at
8 \$3,300,000; and

9 WHEREAS, The purpose of this Ground Lease is solely to implement the
10 mission of MOHCD, and the Board of Supervisors’ approval of this Resolution furthers
11 the public purpose of providing affordable housing for low-income households in need,
12 thus obviating the need for a market rent lease appraisal described in Administrative
13 Code, Section 23.30; and

14 WHEREAS, MOHCD and the Director of Property have approved the form of the
15 Amended Lease, pursuant to which MOHCD will lease the Property to the Lessee for a
16 Base Rent of \$15,000 per year, in exchange for the Lessee’s agreement, among other
17 things, to rehabilitate and operate the Project with rent levels for 22 units affordable to
18 households up to 50% of unadjusted San Francisco Area Median Income (“AMI”) and
19 rent levels for 23 units affordable to households up to 60% of AMI; and

20 WHEREAS, A copy of the Amended Lease in substantially final form is on file
21 with the Clerk of the Board of Supervisors in File No. 181160, and is incorporated
22 herein by reference; and

23 WHEREAS, The Amended Lease provides, among other conditions, for a term
24 of 75 years and one 24-year option to extend; now, therefore, be it
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1 RESOLVED, That the Board of Supervisors hereby adopts the findings
2 contained in the Planning Letter, from the Department of City Planning regarding the
3 California Environmental Quality Act, and hereby incorporates such findings by
4 reference as though fully set forth in this Resolution; and, be it

5 FURTHER RESOLVED, That in accordance with the recommendations of the
6 Director of Property of the Real Estate Division and the Director of MOHCD, the Board
7 of Supervisors hereby approves the Amended Lease, and authorizes the Director of
8 Property (or designee) and the Director of MOHCD (or designee) to execute and
9 deliver the Amended Lease and any such other documents that are necessary or
10 advisable to complete the transaction contemplated by the Amended Lease, and to
11 effectuate the purpose and intent of this Resolution; and, be it

12 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director
13 of MOHCD (or designee), in consultation with the City Attorney, to enter into any
14 additions, amendments or other modifications to the Amended Lease (including in each
15 instance, without limitation, the attachment of exhibits), that the Director of MOHCD
16 determine are in the best interests of the City, do not materially decrease the benefits
17 to the City with respect to the Property, or otherwise materially increase the obligations
18 or liabilities of the City, and are necessary or advisable to complete the transaction
19 contemplated herein, effectuate the purpose and intent of this Resolution, and are in
20 compliance with all applicable laws, including the City's Charter, provided that
21 documents that include amendments from what was previously submitted to the Board
22 shall be provided to the Clerk of the Board, as signed by the parties, together with a
23 marked copy to show any changes, within 30 days of execution for inclusion in the
24 official file; and, be it

1 FURTHER RESOLVED, That all actions taken by any City employee or official
2 with respect to the exercise of the Amended Lease authorized and directed by this
3 Resolution and heretofore taken are hereby ratified, approved and confirmed by this
4 Board of Supervisors.

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7 RECOMMENDED:

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10 Kate Hartley, Director,
11 Mayor’s Office of Housing and Community Development
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