

1 [Commercial Ground Lease and First Amendment to Residential Ground Lease - 681 Florida
2 Street Commercial LLC and 681 Florida Housing Associates, L.P. - 681 Florida Street, 683
3 Florida Street, and 2070 Bryant Street - Annual Base Rent of \$1]

4 **Resolution 1) approving and authorizing the Director of Property and the Mayor's**
5 **Office of Housing and Community Development ("MOHCD") to enter into a Commercial**
6 **Ground Lease for Real Property owned by the City and located at 683 Florida Street**
7 **and 2070 Bryant Street (together, the "Commercial Property") with 681 Florida Street**
8 **Commercial LLC, for a lease term of 75 years and one 24-year option to extend and an**
9 **annual base rent of \$1 ("Commercial Ground Lease"), in order to develop two adjoining**
10 **ground floor commercial spaces for public benefit or community-serving uses**
11 **("Commercial Project"); 2) approving and authorizing the Director of Property and the**
12 **Director of MOHCD to enter into a First Amendment to Residential Ground Lease to**
13 **remove the Commercial Property from the leased premises under the Residential**
14 **Ground Lease between the City and 681 Florida Housing Associates, L.P.; 3) adopting**
15 **findings that the Project and proposed transactions are consistent with the General**
16 **Plan, and the eight priority policies of Planning Code, Section 101.1; 4) determining**
17 **that the less than market rent payable under the Commercial Ground Lease will serve a**
18 **public purpose by providing commercial spaces for community-serving spaces, in**
19 **accordance with Administrative Code, Section 23.3; and 5) authorizing the Director of**
20 **Property and/or the Director of MOHCD to execute the Commercial Ground Lease and**
21 **the First Amendment to Residential Ground Lease and make certain modifications to**
22 **such agreements, as defined herein, and take certain actions in furtherance of this**
23 **Resolution, as defined herein.**

1 WHEREAS, The City and County of San Francisco (the “City”), acting through the
2 Mayor’s Office of Housing and Community Development (“MOHCD”), administers a variety of
3 housing programs that provide financing for the development of new affordable housing and
4 the rehabilitation of single- and multi-family housing for low- and moderate-income
5 households and resources for homeowners in San Francisco; and

6 WHEREAS, The City owns certain real property located at 683 Florida Street
7 (Assessor’s Parcel Block No. 4022, Lot No. 240), 2070 Bryant Street (Assessor’s Parcel Block
8 No. 4022, Lot No. 241), and 681 Florida Street (Assessor’s Parcel Block No. 4022, Lot No.
9 239) in San Francisco, California (together, the “Property”); and

10 WHEREAS, Pursuant to Resolution No. 258-17, the City acquired the Property for the
11 purpose of developing and constructing affordable housing and public benefit or community-
12 serving commercial space (collectively, the “Project”); and

13 WHEREAS, On October 13, 2016, MOHCD issued a Request for Proposals (“RFP”) for
14 a developer to work with the City to develop the Property with 130 units of affordable housing
15 for low-income persons consisting of 44 studios, 31 one-bedroom units (including one
16 manager’s unit), 41 two-bedroom units, and 14 three-bedroom units, and approximately 9,512
17 square feet of public benefit or community-serving commercial space (collectively, the
18 “Project”); and

19 WHEREAS, Tenderloin Neighborhood Development Corporation (“TNDC”), a California
20 nonprofit public benefit corporation, and Mission Economic Development Agency (“MEDA”), a
21 California nonprofit public benefit corporation, jointly responded to the RFP, and were
22 selected to be the developers for the Project; and

23 WHEREAS, TNDC and MEDA established 681 Florida Housing Associates, L.P., a
24 California limited partnership (“Residential Developer”), as a separate entity under which to
25 develop the Project on the Property; and

1 WHEREAS, On October 15, 2020, pursuant to Resolution No. 409-20, MOHCD
2 entered into a Ground Lease with the Residential Developer for the purpose of developing the
3 Project on the Property (the "Residential Ground Lease"); and

4 WHEREAS, The Residential Developer has subdivided the Property into one
5 residential parcel (the "Residential Property") and two commercial parcels (together, the
6 "Commercial Property"); and

7 WHEREAS, TNDC and MEDA have also established 681 Florida Street
8 Commercial LLC, a California limited liability company (the "Commercial Developer"),
9 as a separate entity under which to develop the Commercial Property; and

10 WHEREAS, On May 3, 2018, by Notice of Final Approval of an SB 35 Project (the "SB
11 35 Notice"), the Planning Department by case No. 2017-014088PRJ determined that the
12 development of the Project met all the standards of the Planning Code and would be eligible
13 for ministerial approval under California Government Code, Section 65913.4 (Senate Bills 35
14 and 765), and would therefore not be subject to the California Environmental Quality Act
15 ("CEQA"); a copy of the Notice of Final Approval of an SB 35 Project is on file with the Clerk of
16 the Board of Supervisors in File No. 200976, and is incorporated herein by reference; and

17 WHEREAS, By motion dated June 2, 2016, the Planning Commission approved
18 the affordable housing project and commercial space authorization for the Project,
19 deeming the Project consistent with the General Plan, and eight priority policies of
20 Planning Code, Section 101.1; a copy of Planning Commission Motion No. 19658
21 ("Planning Commission Motion") is on file with the Clerk of the Board of Supervisors in
22 File No. 200976, and is incorporated herein by reference; and

23 WHEREAS, MOHCD and the Director of Property have approved the form of the First
24 Amendment to Residential Ground Lease between the City and the Residential Developer,
25 pursuant to which the Commercial Property will be removed from the Residential Ground

1 Lease and governed by the Commercial Ground Lease; a copy of the substantially final form
2 of the First Amendment to Residential Ground Lease is on file with the Clerk of the Board of
3 Supervisors in File No. 230925, and is incorporated herein by reference; now, therefore, be it

4 WHEREAS, MOHCD and the Director of Property have approved the form of the
5 Commercial Ground Lease between the City and the Commercial Developer, pursuant to
6 which the City will lease the Commercial Property to the Commercial Developer for a term of
7 75 years and one 24-year option to extend and a base rent of \$1 per year, in exchange for the
8 Commercial Developer's agreement, among other things, to provide public benefit or
9 community-serving commercial space; a copy of the substantially final form of the Commercial
10 Ground Lease is on file with the Clerk of the Board of Supervisors in File No. 230925, and is
11 incorporated herein by reference; and

12 WHEREAS, The proposed rent of the Commercial Ground Lease is less than Market
13 Rent (as defined in Administrative Code, Section 23.2), but the lower rent will serve a public
14 purpose by providing community-serving commercial space; now, therefore, be it

15 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
16 associated actions necessary to effectuate the Project) is consistent with the CEQA
17 determination and the General Plan, and with the eight priority policies of Planning Code,
18 Section 101.1, for the same reasons as set forth in the SB 35 Notice and the Planning
19 Commission Motion, and hereby incorporates such findings by reference as though fully set
20 forth in this Resolution; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors hereby finds, in consideration
22 of the foregoing, the lower rent under the Commercial Ground Lease will serve a public
23 purpose by providing public benefit or community-serving commercial space; and, be it

24 FURTHER RESOLVED, That in accordance with the recommendation of the Director
25 of MOHCD and the Director of Property, the Board of Supervisors approves the Commercial

1 Ground Lease and the First Amendment to Residential Ground Lease in substantially the form
2 presented to the Board, and authorizes the Director of Property (or the Director's designee, as
3 used throughout) and Director of MOHCD (or the Director's designee, as used throughout), to
4 execute and deliver the Commercial Ground Lease and the First Amendment to Residential
5 Ground Lease, in substantially the form presented to the Board, and any such other
6 documents or agreements (including such agreements to provide adequate or additional
7 security or indemnities as required by lenders to consummate the financing of the Project or
8 lease of the Property) that are necessary or advisable, in consultation with the City Attorney,
9 to complete the transaction contemplated by the Commercial Ground Lease and the First
10 Amendment to Residential Ground Lease and to effectuate the purpose and intent of this
11 Resolution, and determines that the less than Market Rent payable under the Commercial
12 Ground Lease will serve a public purpose by providing public benefit or community-serving
13 commercial space; and, be it

14 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
15 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any
16 additions, amendments, or other modifications to the Commercial Ground Lease and the First
17 Amendment to Residential Ground Lease, and any other documents or instruments necessary
18 in connection therewith (including, without limitation, preparation and attachment or, or
19 changes to, any of all of the exhibits and ancillary agreements), that the Director of Property
20 and/or Director of MOHCD determine are in the best interests of the City, do not materially
21 decrease the benefits to the City with respect to the Property, do not materially increase the
22 obligations or liabilities of the City, and are necessary or advisable to complete the
23 transactions contemplated in the Commercial Ground Lease and the First Amendment to
24 Residential Ground Lease, and that effectuate the purpose and intent of this Resolution, such
25 determination to be conclusively evidenced by the execution and delivery by the Director of

1 Property and/or the Director of MOHCD of any such additions, amendments, or other
2 modifications; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
4 delegates to the Director of MOHCD and/or the Director of Property, the authority to
5 undertake any actions necessary to protect the City's financial security in the Property, and
6 without limitation, acquisition of the Property upon foreclosure and sale at a trustee sale,
7 acceptance of a deed in lieu of foreclosure, or curing the default under a senior loan; and, be
8 it

9 FURTHER RESOLVED, That all actions authorized and directed by this Resolution and
10 heretofore taken are hereby ratified, approved and confirmed by this Board of Supervisors;
11 and, be it

12 FURTHER RESOLVED, That within thirty (30) days of the Commercial Ground Lease
13 and the First Amendment to Residential Ground Lease being fully executed by all parties,
14 MOHCD shall provide the final agreements to the Clerk of the Board for inclusion into the
15 official file.

1 RECOMMENDED:

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4 /s/
Andrico Q. Penick, Director of Property

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