

1 [Ground Lease - Casa Adelante SVN Housing, L.P. - 1515 South Van Ness Avenue, 3251-
2 3255 26th Street, and 1214 Shotwell Street - 100% Affordable Housing - \$15,000 Annual
3 Base Rent]

3

4 **Resolution 1) approving and authorizing the Director of Property and Director of the**
5 **Mayor’s Office of Housing and Community Development (“MOHCD”) to enter into a**
6 **Ground Lease for real property owned by the City located at 1515 South Van Ness**
7 **Avenue, 3251-3255 26th Street, and 1214 Shotwell Street (“Property”) with Casa**
8 **Adelante SVN Housing, L.P. for a lease term of 75 years and one 24-year option to**
9 **extend and an annual base rent of \$15,000 (“Ground Lease”) in order to construct a**
10 **168-unit (including one manager’s unit) multifamily rental housing development**
11 **affordable to low-income households and including community-serving commercial**
12 **space (the “Project”); 2) adopting findings that the Project and proposed transactions**
13 **are consistent with the General Plan, and the eight priority policies of Planning Code,**
14 **Section 101.1; 3) determining that the less than market rent payable under the Ground**
15 **Lease will serve a public purpose by providing affordable housing for low-income**
16 **households in need, in accordance with Administrative Code, Section 23.30; and 4)**
17 **authorizing the Director of Property and the Director of MOHCD to execute the Ground**
18 **Lease, and make certain modifications and take certain actions in furtherance of this**
19 **Resolution, as defined herein.**

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21 WHEREAS, The City and County of San Francisco (“City”) owns certain real property
22 located at 1515 South Van Ness Avenue, 3251-3255 26th Street and 1214 Shotwell Street in
23 San Francisco, California, which is comprised of approximately 0.80 acres and known as
24 Assessor's Parcel Block No. 6571, Lot Nos. 008, 001, and 001A (collectively, the “Property”);
25 and

1 WHEREAS, Pursuant to Resolution No. 320-19, the City acquired the Property for the
2 purpose of developing affordable housing on the Property; and

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

8 WHEREAS, MOHCD provides loans to affordable housing developers and operators,
9 administers loan agreements, reviews annual audits and monitoring reports, monitors
10 compliance with affordable housing requirements in accordance with capital funding
11 regulatory agreements, and if necessary, takes appropriate action to enforce compliance; and

12 WHEREAS, Pursuant to Resolution No. 436-23, the Board of Supervisors declared the
13 Property as Exempt Surplus Land under California Government Code, Sections 25539.4 and
14 54221(f)(1)(A), and affirmed the use of the Property by MOHCD for development as 100%
15 affordable housing with ancillary commercial space; and

16 WHEREAS, On November 30, 2020, MOHCD issued a Request for Qualifications
17 (“RFQ”) for a developer to work with the City to develop affordable housing on the Property;
18 and

19 WHEREAS, Mission Economic Development Agency, a California nonprofit public
20 benefit corporation (“MEDA”), and Chinatown Community Development Center, a California
21 public benefit corporation (“CCDC”), responded to the RFQ and were selected as the joint
22 developers of the Project; and

23 WHEREAS, MEDA and CCDC have established Casa Adelante SVN Housing,
24 L.P., a California limited partnership (the “Developer”), for the purpose of developing
25 the Project; and

1 WHEREAS, On April 19, 2024, by Notice of Final Approval of an AB 2162
2 Project, the Planning Department by case No. 2023-003263PRJ determined that the
3 development of the Project met all the standards of the Planning Code and would be
4 eligible for ministerial approval under California Government Code, Section 65650
5 (Assembly Bill AB 2162), and Section 65915 (State Density Bonus Law) California
6 Public Resources Code, Section 21080, and the CEQA Guidelines, Sections
7 15002(i)(1), 15268 and 15369, and would therefore not be subject to the California
8 Environmental Quality Act (“CEQA”); a copy of the Notice of Final Approval of an AB
9 2162 Project is on file with the Clerk of the Board of Supervisors in File No. 240704,
10 and is incorporated herein by reference; and

11 WHEREAS, By letter dated June 18, 2019, the Planning Department determined that
12 the Project is consistent with the General Plan, and eight priority policies of Planning Code,
13 Section 101.1 (the “General Plan Referral”); a copy of the Planning Department’s General
14 Plan Referral is on file with the Clerk of the Board of Supervisors in File No. 240704, and is
15 incorporated herein by reference; and

16 WHEREAS, MOHCD and the Director of Property have approved the form of the
17 Ground Lease between the City and the Developer, pursuant to which the City will lease the
18 Property to the Developer for a term of 75 years and one 24-year option to extend and a base
19 rent of \$15,000 per year, in exchange for the Developer’s agreement, among other things, to
20 construct and operate the Project with rent levels affordable to households up to 80% of area
21 median income (AMI) published by MOHCD; a copy of the substantially final form of Ground
22 Lease is on file with the Clerk of the Board of Supervisors in File No. 240704, and is
23 incorporated herein by reference; and

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1 WHEREAS, The proposed rent of the Ground Lease is less than Market Rent (as
2 defined in Administrative Code, Section 23.2), but the less than Market Rent will serve a
3 public purpose by providing affordable housing for low-income households in need; and

4 WHEREAS, The Developer will require future funding approval from the Board of
5 Supervisors in order to complete the Project, and the early approval of the Ground Lease
6 pursuant to this Resolution will allow the Developer to begin early demolition of the existing
7 two-story concrete warehouse building, thereby reducing the construction timeline and
8 associated construction financing costs; now, therefore be it

9 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
10 associated actions necessary to effectuate the Project) is consistent with the General Plan,
11 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
12 set forth in the General Plan Referral, and hereby incorporates such findings by reference as
13 though fully set forth in this Resolution; and, be it

14 FURTHER RESOLVED, That the Board of Supervisors hereby finds, in consideration
15 of the foregoing, the less than Market Rent payable under the Ground Lease will serve a
16 public purpose by providing affordable housing for very low and low-income households in
17 need; and, be it

18 FURTHER RESOLVED, That in accordance with the recommendation of the Director
19 of MOHCD and the Director of Property, the Board of Supervisors approves the Ground
20 Lease in substantially the form presented to the Board, and authorizes the Director of
21 Property (or the Director's designee, as used throughout) and Director of MOHCD (or the
22 Director's designee, as used throughout), to execute and deliver the Ground Lease, in
23 substantially the form presented to the Board, and any such other documents or agreements
24 (including such agreements to provide adequate or additional security or indemnities as
25 required by lenders to consummate the financing of the Project or lease of the Property) that

1 are necessary or advisable, in consultation with the City Attorney, to complete the transaction
2 contemplated by the Ground Lease and to effectuate the purpose and intent of this
3 Resolution; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
5 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any
6 additions, amendments, or other modifications to the Ground Lease, and any other
7 documents or instruments necessary in connection therewith (including, without limitation, any
8 notice of special restrictions required by the Planning Department and preparation and
9 attachment or, or changes to, any of all of the exhibits and ancillary agreements), that the
10 Director of Property and/or Director of MOHCD determine are in the best interests of the City,
11 do not materially decrease the benefits to the City with respect to the Property, do not
12 materially increase the obligations or liabilities of the City, and are necessary or advisable to
13 complete the transaction contemplated in the Ground Lease, and that effectuate the purpose
14 and intent of this Resolution, such determination to be conclusively evidenced by the
15 execution and delivery by the Director of Property and/or the Director of MOHCD of any such
16 additions, amendments, or other modifications; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
18 delegates to the Director of MOHCD and/or the Director of Property, in consultation with the
19 City Attorney, the authority to amend the Ground Lease to include third party lender, investor,
20 and HCD protections consistent with industry standard, such determination to be conclusively
21 evidenced by the execution and delivery by the Director of Property and/or the Director of
22 MOHCD of any such additions, amendments, or other modifications; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
24 delegates to the Director of MOHCD and/or the Director of Property, the authority to
25 undertake any actions necessary to protect the City's financial security in the Property and

1 enforce the affordable housing restrictions, which may include, without limitation, acquisition
2 of the Property upon foreclosure and sale at a trustee sale, acceptance of a deed in lieu of
3 foreclosure, or curing the default under a senior loan; and, be it

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

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

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12 RECOMMENDED:

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

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18 /s/
Daniel Adams, Director
Mayor's Office of Housing and Community Development

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