

1 [Sale of City Property Subject to Declaration of Economic Covenants and Project Use
2 Restriction - Fulton Street and Gough Street]

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3 **Resolution authorizing 1) the sale of City property at the northeast corner of Fulton**
4 **Street and Gough Street to the Boys and Girls Clubs of San Francisco for \$2,500,000**
5 **subject to a declaration of economic covenants and a project use restriction; 2)**
6 **adopting environmental findings and other findings that the actions set forth in this**
7 **Resolution are consistent with the City's General Plan and Eight Priority Policies of**
8 **City Planning Code Section 101.1; and 3) authorizing other actions in furtherance of**
9 **this Resolution.**

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11 WHEREAS, The State of California transferred a former Central Freeway property
12 located at the northeast corner of Fulton Street and Gough Street and commonly known as
13 Assessor's Block 0785, Lot 029 (Parcel F) to the City and County of San Francisco (City)
14 under Section 72.1 of the California Streets and Highways Code; and,

15 WHEREAS, Under Ordinance No. 104-09, adopted by the Board of Supervisors on
16 June 16, 2009, City's Director of Property is authorized to sell Parcel F and other former
17 Central Freeway property (Excess Central Freeway Properties) at fair market value, subject to
18 a declaration of economic justice and community development covenants (Declaration of
19 Economic Covenants), and a copy of Ordinance No. 104-09 is on file with the Clerk of the
20 Board of Supervisors in File No. 081525 and is incorporated herein by reference; and,

21 WHEREAS, The Boys and Girls Clubs of San Francisco (BGCSF), a registered
22 501(c)(3) non-profit organization whose mission is to offer our youth a safe place to learn and
23 grow, wishes to purchase Parcel F for \$2,500,000, subject to the Declaration of Economic
24 Covenants and the terms and conditions of an agreement for the sale of real estate between

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1 BGCSF and City (Agreement), a copy of which is on file with the Clerk of the Board of
2 Supervisors in File No. _____ and is incorporated herein by reference; and,

3 WHEREAS, The \$2,500,000 purchase price is less than fair market value, but the
4 Agreement requires BGCSF to develop Parcel F with a project (Project) comprised of a
5 clubhouse that will serve low-income youth, together with a pool facility and administrative
6 offices for the organization and a residential component of thirty units, if such residential
7 component is financially feasible and BGCSF obtains the entitlements needed for such
8 residential component following environmental review; and,

9 WHEREAS, Under Resolution No. 824-01, adopted by the Board of Supervisors on
10 October 22, 2001, a copy of which is on file with the Clerk of the Board of Supervisors in File
11 No. _____ and is incorporated herein by reference, the Board of Supervisors authorized the
12 sale of other former Central Freeway property (Affordable Housing Parcels) to the
13 Redevelopment Agency of the City and County of San Francisco (Agency) for the
14 development of affordable housing pursuant to a Agreement for Transfer of Real Estate
15 between City and Agency dated as of March 19, 2002 (Transfer Agreement), a copy of which
16 is on file with the Clerk of the Board of Supervisors in File No. _____ and is incorporated
17 herein by reference, and the Affordable Housing Parcels were subsequently purchased by
18 Agency with Affordable Housing Fund moneys; and,

19 WHEREAS, Section 2.1(b) of the Transfer Agreement requires City and Agency to
20 recalculate the purchase price paid by Agency for the Affordable Housing Parcels after the
21 sale of certain Central Freeway property and the completion of the Octavia Boulevard Project
22 described in the Transfer Agreement, and if such purchase price was subsequently reduced,
23 Agency intended to use the reimbursed funds for the construction of affordable housing; and,
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1 WHEREAS, This below market sale of Parcel F reduces the possibility that the
2 Affordable Housing Parcel purchase price paid by Agency will be reduced under the Transfer
3 Agreement and generate funds for the construction of affordable housing; and,

4 WHEREAS, It is the intent of the Board of Supervisors that the \$2,500,000 purchase
5 price and any additional payments delivered to City pursuant to Article 12 of the Agreement
6 will be appropriated for use by the Mayor's Office of Housing for affordable housing prior to
7 completion of the sale of the former Central Freeway parcels, and such funds will be credited
8 towards any payments to be made by City to Agency under Section 2.1 of the Transfer
9 Agreement; and,

10 WHEREAS, It is the intent of the Board of Supervisors to have an informational hearing
11 on the Octavia Boulevard Project at the Budget and Finance Committee; and,

12 WHEREAS, The Agreement requires BGCSF to sign a Declaration of Covenants and
13 Use Restrictions (Project Use Declaration) restricting the use of Parcel F to the development
14 and operation of the Project for forty years, a copy of which is on file with the Clerk of the
15 Board of Supervisors in File No. _____ and is incorporated herein by reference; and,

16 WHEREAS, The use of Parcel F for the development and operation of the Project will
17 provide a community-serving purpose in an area of the City and County of San Francisco that
18 could benefit greatly from additional recreational facilities; and,

19 WHEREAS, The City's Planning Department reported its findings that that the sale of
20 the Excess Central Freeway Properties was consistent with the City's General Plan and with
21 Planning Code Section 101.1(b) in a letter dated October 1, 2008, a copy of which is on file
22 with the Clerk of the Board of Supervisors in File No. 081525 and is incorporated herein by
23 reference, which were adopted by the Board of Supervisors in Ordinance No. 104-09, and the
24 Board of Supervisors confirms its reliance on such findings for the sale of Parcel F; and,

1 WHEREAS, The City's Planning Department determined the sale of Parcel F is
2 categorically exempt from review under the California Environmental Quality Act (CEQA),
3 State CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code in a letter
4 dated October 1, 2008, and a copy of such letter is on file with the Clerk of the Board of
5 Supervisors in File No.018525 and is incorporated herein by reference, and the Board of
6 Supervisors adopts and relies on such determination by the City's Planning Department; and,

7 WHEREAS, BGCSF will submit an application to the Environmental Planning Division
8 of City's Planning Department for environmental assessment of the Project and, if the Project
9 is found to cause significant adverse impacts that cannot be mitigated, the Agreement
10 reserves the right for City, in its absolute discretion, to modify the Project to mitigate
11 significant adverse environmental impacts, to select feasible alternatives that avoid significant
12 adverse impacts of the proposed Project, to require the implementation of specific measures
13 to mitigate the significant adverse environmental impacts of the Project identified by
14 environmental evaluation in compliance with CEQA and the City's Environmental Quality
15 Regulations, to reject the Project as proposed if the economic and social benefits of the
16 Project do not outweigh otherwise unavoidable significant adverse impacts of the Project, or
17 to approve the proposed Project upon a finding that the economic, social or other benefits of
18 the Project outweigh unavoidable significant adverse impacts of the Project; and,

19 WHEREAS, The closing of the purchase and sale of the Property is subject to and
20 conditioned on the completion of environmental review for and entitlement of the Project, and
21 if the Project entitlements are not obtained, then City and BGCSF shall each have the right to
22 terminate the Agreement; and,

23 WHEREAS, The Board of Supervisors hereby declares that the public interest or
24 necessity will not be inconvenienced by the sale of Parcel F to BGCSF under the Agreement;
25 now, therefore, be it

1 RESOLVED, That the Director of Property is hereby authorized to enter into the
2 Agreement, in a form substantially as on file with the Clerk of the Board of Supervisors in File
3 No. _____, and incorporated herein by reference, and further authorized and directed to
4 do any and all things to execute and deliver the Agreement and related documents specified
5 in the Agreement that the Director of Property determines, in consultation with the City
6 Attorney, are in the best interest of the City, including any modifications or amendments that
7 do not materially increase the obligations of the City or materially decrease the benefits to the
8 City, are necessary or advisable to consummate the performance of the purposes of this
9 Resolution, and are in compliance with all applicable laws, including the City's Charter.

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11 RECOMMENDED:

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13 _____
14 John Updike, Acting Director of Property