

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



Edwin M. Lee
Mayor

Olson Lee
Director

April 4, 2017

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

Re: 772 Pacific Acquisition

Dear Mr. Updike:

The Mayor's Office of Housing and Community Development (MOHCD) supports the purchase of 772 Pacific from the Shew Family Trust for affordable housing development. 772 Pacific is in the Chinatown Residential-Neighborhood Commercial zoning district. The site was previously operated an auto garage, as early as 1919, before being converted to its current restaurant use in 1971. MOHCD anticipates development of the site as permanently affordable housing with approximately 60 units, subject to further analysis.

MOHCD is in receipt of the following documents and information related to 772 Pacific:

- 1) Purchase and Sale Agreement
- 2) Preliminary Title Report
- 3) San Francisco Property Information Map
- 4) Phase 1 Report
- 5) UST Visual Inspection Report
- 6) UST Assessment, indicating presence of an underground fuel storage tank installed in 1953
- 7) New Asia Restaurant Lease (through 12/31/21)

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

Conditions related to the land acquisition include the following, without limitation:

- 1) Fee title interest to the Site must be conveyed clear of all title exceptions except those are indicated in the title report dated February 23, 2017.

- 2) MOHCD acknowledges the presence of the 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.
- 3) The tenancy may be eligible for relocation benefits, and the funding source for said benefits, if applicable, would be the rental revenues post-acquisition.
- 4) Real Estate will manage the asset in accordance with the terms of an appropriate MOU to be negotiated between Real Estate and MOHCD until such time as the tenant has vacated the premises.
- 5) 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.

Any future financing from MOHCD appears to be within our programmatic parameters for multifamily lending. Any 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. Therefore, allowing the tenant to remain until the natural termination of their lease would be acceptable to MOHCD.

Sincerely yours,



Olson Lee

cc: Sandi Levine, Department of Real Estate
John Rahaim, Kate Connor, Carly Grob, Department of City Planning