

1 [Ground Lease - 1296 Shotwell Housing, L.P. - 1296 Shotwell Street - \$15,000 Annual Base
2 Rent]

3 **Resolution approving and authorizing a long term Ground Lease with 1296 Shotwell**
4 **Housing, L.P., on City owned land at 1296 Shotwell Street for a term of 75 years with**
5 **one 24-year option to extend, and with an annual base rent of \$15,000 in order to**
6 **construct a 100% affordable, 94-unit multifamily rental housing development for low-**
7 **income seniors and formally homeless seniors; adopting findings that the Ground**
8 **Lease is consistent with the California Environmental Quality Act, the General Plan,**
9 **and the eight priority policies of Planning Code, Section 101.1; and authorizing the**
10 **Director of Property and Acting Director of MOHCD to execute documents, make**
11 **certain modifications, and take certain actions in furtherance of this Resolution, as**
12 **defined herein.**

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14 WHEREAS, In 2013, the Board of Supervisors approved the land dedication
15 (Resolution No. 153-13) of the property from Thomas Murphy and Martina Murphy, Trustees
16 of the Murphy Trust UDT dated October 03, 2003 ("Seller"), who owned Assessor's Parcel
17 Block No. 6571, Lot No. 051, located at 1294-8 Shotwell Street, containing 11,664 square feet
18 of Production, Distribution and Repair space on .27 acres of land ("Property"); and

19 WHEREAS, Oyster Development, LLC ("Developer") was the developer of 2558
20 Mission Street, San Francisco, a mixed use project known as the New Mission Theatre
21 Project (the "Principal Site"); and

22 WHEREAS, Developer had elected to satisfy the Inclusionary Affordable Housing
23 Program requirements under Planning Code, Section 415 for the Principal Site by dedicating
24 the Property to the City pursuant to Planning Code, Section 419; and

1 WHEREAS, In 2015, the Mayor’s Office of Housing and Community Development
2 (“MOHCD”), issued a Request for Proposal (“RFP”), seeking submittals from qualified
3 respondents to develop the City-owned parcel as affordable senior rental housing, including
4 units serving formerly homeless seniors; and

5 WHEREAS, Mission Economic Development Agency (“MEDA”), a California nonprofit
6 public benefit corporation, in collaboration with Chinatown Community Development Center
7 (“CCDC”) a California nonprofit public benefit corporation, jointly responded to the RFP and
8 was selected to be the developer for the Property; and

9 WHEREAS, MEDA and CCDC established 1296 Shotwell Housing, L.P., a
10 California limited partnership (“Lessee”), as a separate entity under which to develop
11 the project; and

12 WHEREAS, MOHCD is also providing the Lessee with new financial assistance to
13 leverage equity from an allocation of low-income housing tax credits and other funding
14 sources in order for Lessee to construct a 100% affordable, 94-unit multifamily rental housing
15 development for low-income seniors and formally homeless seniors (“Project”) on the
16 Property; and

17 WHEREAS, Lessee has obtained all entitlements and is ready to begin construction of
18 the Project; and

19 WHEREAS, An appraisal dated October 24, 2017 valued the Property at
20 \$10,175,000 with entitlements; and

21 WHEREAS, MOHCD and the Director of Property have approved the form of the
22 Ground Lease between MOHCD and the Lessee, pursuant to which MOHCD will lease the
23 Property to the Lessee for a Base Rent of Fifteen Thousand Dollars (\$15,000.00) per year, in
24 exchange for the Lessee’s agreement, among other things, to operate the Project with rent
25 levels affordable to households up to 50% San Francisco Area Median Income (AMI). A copy

1 of the Ground Lease in substantially the form approved is on file with the Clerk of the Board of
2 Supervisors in File No. 171204, and is incorporated herein by reference; and,

3 WHEREAS, The Ground Lease provides, among other conditions, for a term of 75
4 years and one 24 year option to extend; and,

5 WHEREAS, The Planning Department found that the Ground Lease is eligible
6 for streamlined Environmental Review as an infill project, as defined by CEQA
7 Guidelines, Section 15183.3 and pursuant to Administrative Code, Section 31.04(h) for
8 the reasons set forth in the November 21, 2016, Certificate of Determination from the
9 Department of City Planning, which is on file with the Clerk of the Board in File
10 No. 170025, and incorporated herein by reference; and

11 WHEREAS, The Planning Department found that Ground Lease is consistent
12 with the City's General Plan, and with the eight priority policies under Planning Code,
13 Section 101.1 for the reasons set forth in the letter of the Department of City Planning
14 dated March 20, 2017, which is on file with the Clerk of the Board in File No. 2016-
15 015994GPR; now, therefore, be it

16 RESOLVED, That the Board of Supervisors hereby finds that Ground Lease is
17 consistent with the City's General Plan, and with the eight priority policies under
18 Planning Code, Section 101.1 for the same reasons set forth in the letter of the
19 Department of City Planning dated March 20, 2017, and hereby incorporates such
20 findings by reference as though fully set forth in this Resolution; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the
22 Ground Lease is eligible for streamlined Environmental Review as an infill project as
23 defined by CEQA Guidelines, Section 15183.3 and pursuant to Administrative Code,
24 Section 31.04(h), for the reasons set forth in the November 21, 2016 Certificate of
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1 Determination from the Department of City Planning, which is on file with the Clerk of
2 the Board in File No. 170025; and, be it

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

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

24 FURTHER RESOLVED, That all actions taken by any City employee or official
25 with respect to the exercise of the Ground lease authorized and directed by this

1 Resolution and heretofore taken are hereby ratified, approved and confirmed by this
2 Board of Supervisors.

3 RECOMMENDED:
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7 John Updike, Director of Property

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

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