

1 [Real Property Purchase and Sale Agreement - 201-229 Eddy Street - \$4,200,000]

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3 **Resolution authorizing the execution and performance of an Agreement of**
4 **Purchase and Sale for Real Estate between the City and County of San**
5 **Francisco and Tenderloin Neighborhood Development Corporation, a California**
6 **nonprofit public benefit corporation, for the purchase of real property located**
7 **at 201-229 Eddy Street, San Francisco, in the amount of \$4,200,000 for the**
8 **rehabilitation of 105 units of affordable housing for low and very low income**
9 **persons; authorizing the execution and performance of a Ground Lease**
10 **between the City and County of San Francisco and Franciscan Towers**
11 **Associates L.P., a California limited partnership, for a term of 75 years, to**
12 **commence following Board approval, at an annual rate of \$420,000; adopting**
13 **findings under the California Environmental Quality Act; and adopting findings**
14 **that the conveyance is consistent with the City's General Plan, and eight**
15 **priority policies of City Planning Code, Section 101.1.**

16
17 WHEREAS, Tenderloin Neighborhood Development Corporation ("Seller")
18 purchased the property located at 201-229 Eddy Street (Assessor's Block 0339, Lot
19 017) (the "Property") in 1989 and has operated the building located thereon (the
20 "Improvements") as affordable housing for low and very low income persons with
21 ground floor commercial use; and,

22 WHEREAS, Seller received assistance for the acquisition of the Property and
23 rehabilitation of the Improvements in the form of loans from the City and County of
24 San Francisco ("City") and the former San Francisco Redevelopment Agency whose
25 current balances total approximately \$6,200,000 in principal and approximately

1 \$3,100,000 in accrued interest (the "Existing Debt"); and,

2 WHEREAS, In April 2011, the Improvements suffered extensive damage
3 caused by fire and was deemed uninhabitable; and,

4 WHEREAS, One hundred and twenty seven (127) low and very low income
5 residents of the Improvements were forced to evacuate due to the fire and were
6 relocated into other properties owned by Seller; and,

7 WHEREAS, Seller has been working with the Mayor's Office of Housing and
8 Community Development ("MOHCD") to develop a financing plan to rehabilitate the
9 Improvements (the "Project") in order to return it to a habitable state in compliance
10 with all applicable law, so as to provide 105 units of affordable rental housing that
11 shall only be made available to qualifying households with incomes no higher than
12 60% of the Area Median Income (as determined by the U.S. Department of Housing
13 and Urban Development and as calculated by MOH) (the "Occupancy Restrictions");
14 and,

15 WHEREAS, In order to further the City's general plan priority of preserving and
16 enhancing the supply of affordable housing, MOHCD negotiated a purchase
17 agreement (the "Purchase Agreement") with the Seller and agreed to purchase the
18 fee interest in the underlying Property land in exchange for the assumption and
19 cancellation of \$4,200,000 of the Existing Debt (the "Purchase Price"), subject to the
20 conditions described in the Purchase Agreement, a copy of which is on file with the
21 Clerk of the Board of Supervisors; and,

22 WHEREAS, MOHCD has additionally agreed to forgive approximately
23 \$1,700,000 in accrued interest from the Existing Debt in order to help make the
24 Project financially feasible; and,

1 WHEREAS, Seller established a separate entity named Franciscan Towers
2 Associates, L.P., a California limited partnership (the "LP"), to acquire the fee interest
3 in the Improvements and to own and manage the Project; and,

4 WHEREAS, The Purchase Price for the fee interest in the Property land has
5 been determined by the Director of Property to be fair market value as substantiated
6 by an appraisal; and,

7 WHEREAS, MOHCD has negotiated a long-term ground lease of the
8 underlying Property land with the LP (the "Ground Lease"), subject to the conditions
9 described in the Ground Lease, a copy of which is on file with the Clerk of the Board
10 of Supervisors; and,

11 WHEREAS, The Ground Lease includes: (i) a term of 75 years with an
12 extension option for 24 additional years; (ii) the LP's acceptance of the Property "as
13 is" without representation or warranty; (iii) annual base rent in the amount of Fifteen
14 Thousand Dollars (\$15,000); and (iv) the Occupancy Restrictions; and

15 WHEREAS, During the Lease term, the LP shall maintain and repair the
16 Property and Improvements at no cost to the City, as further set forth in the Ground
17 Lease; and,

18 WHEREAS, In order to consummate the purchase and ground lease of the
19 Property, the Board of Supervisors desires to authorize the execution, delivery and
20 performance of the Purchase Agreement and Ground Lease; and,

21 WHEREAS, By letter dated July 8, 2013, the Department of City Planning
22 adopted and issued a General Plan Consistency Finding, a copy of which is on file
23 with the Clerk of the Board, wherein the Department of City Planning found that the
24 acquisition and ground lease of the Property are consistent with the City's General
25 Plan and with the Eight Priority Policies under Planning Code Section 101.1; and on

1 July 8, 2013, the Department of City Planning also found that acquisition and ground
2 lease of the Property are categorically exempt from Environmental Review; now,
3 therefore, be it

4 RESOLVED, That the Board of Supervisors hereby adopts the findings
5 contained in the document dated July 8, 2013, from the Department of City Planning
6 regarding the California Environmental Quality Act, and hereby incorporates such
7 findings by reference as though fully set forth in this Resolution; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the
9 purchase and ground lease of the Property are consistent with the General Plan, and
10 with the eight Priority Policies of Planning Code Section 101.1 for the same reasons
11 as set forth in the letter of the Department of City Planning, dated July 8, 2013, and
12 hereby incorporates such findings by reference as though fully set forth in this
13 Resolution; and, be it

14 FURTHER RESOLVED, That in accordance with the recommendation of the
15 Director of Property, the execution, delivery and performance of the Purchase
16 Agreement and the Ground Lease is hereby approved and the Director of Property
17 (or his designee) and the Director of the Mayor's Office of Housing and Community
18 Development are hereby authorized to execute the Purchase Agreement and the
19 Ground Lease, in substantially the form of such Purchase Agreement and Ground
20 Lease on behalf of the City and any such other documents that are necessary or
21 advisable to complete the transaction contemplated by the Purchase Agreement and
22 the Ground Lease and effectuate the purpose and intent of this Resolution; and, be it

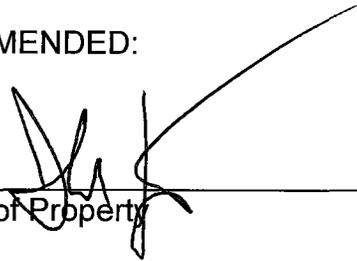
23 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director
24 of Property (or his designee) and the Director of the Mayor's Office of Housing and
25 Community Development, in consultation with the City Attorney, to enter into any
additions, amendments or other modifications to the Purchase Agreement, the

1 Ground Lease and any other documents or instruments necessary in connection
2 therewith, that the Director of Property determines are in the best interests of the City,
3 do not materially decrease the benefits to the City with respect to the Property, do not
4 materially increase the obligations or liabilities of the City, and are necessary or
5 advisable to complete the transaction contemplated in the Purchase Agreement and
6 the Ground Lease and that effectuate the purpose and intent of this Resolution, such
7 determination to be conclusively evidenced by the execution and delivery by the
8 Director of Property (or his designee) of any such additions, amendments, or other
9 modifications; and, be it

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

13 FURTHER RESOLVED, That within thirty (30) days of the purchase
14 agreement and the ground lease being fully executed by all parties the Director of
15 Property shall provide the final purchase agreement and the ground lease to the
16 Clerk of the Board for inclusion into the official file.

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18 RECOMMENDED:

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21 
22 _____
23 Director of Property
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City and County of San Francisco

Tails

Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 131035

Date Passed: November 19, 2013

Resolution authorizing the execution and performance of an Agreement of Purchase and Sale for Real Estate between the City and County of San Francisco and Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, for the purchase of real property located at 201-229 Eddy Street, San Francisco, in the amount of \$4,200,000 for the rehabilitation of 105 units of affordable housing for low and very low income persons; authorizing the execution and performance of a Ground Lease between the City and County of San Francisco and Franciscan Towers Associates L.P., a California limited partnership, for a term of 75 years, to commence following Board approval, at an annual rate of \$420,000; adopting findings under the California Environmental Quality Act; and adopting findings that the conveyance is consistent with the City's General Plan, and eight priority policies of City Planning Code, Section 101.1.

November 06, 2013 Budget and Finance Committee - RECOMMENDED

November 19, 2013 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 131035

I hereby certify that the foregoing Resolution was ADOPTED on 11/19/2013 by the Board of Supervisors of the City and County of San Francisco.

Handwritten signature of Madeline Licavoli for Angela Calvillo, Clerk of the Board

Handwritten signature of the Mayor

11/27/13
Date Approved