Resolution approving the Redevelopment Agency of the City and County of San Francisco’s lease of land at Assessor’s Block 839, Lot 29, commonly known as 301 Oak Street/261 Octavia Boulevard, southwest corner of Oak Street and Octavia Boulevard, San Francisco, California (the “Site”) in San Francisco’s Central Freeway corridor, to OCTAVIA COURT, INC., a California nonprofit public benefit corporation, for 75 years for the purpose of developing housing for very low-income developmentally disabled adult households.

WHEREAS, The Agency and the City desire to increase the City’s supply of affordable housing and encourage affordable housing development through financial and other forms of assistance; and,

WHEREAS, The Agency-owned parcel located at the southwest corner of Oak Street and Octavia Boulevard, Assessor’s Block 839, Lot 29, San Francisco, California, in San Francisco’s Central Freeway corridor (“Property”; “Site”), is an underutilized lot currently improved by a surface lot that, by Board of Supervisors Resolution No. 824-01, must be developed as permanent, quality, affordable supportive housing for very low-income, disabled individuals (“Project”); and,

WHEREAS, The Agency Commission selected Octavia Court, Inc., a California nonprofit public benefit corporation an affiliate of West Bay Housing Corporation and Satellite Housing, Inc. (“Developer”), to develop and operate the Project as housing units for very low-income developmentally disabled adult households; and,

WHEREAS, The Agency has provided Developer with financial assistance to leverage equity from an allocation of low-income housing tax credits and other funding sources in order
to construct 14 (plus one manager's unit) units of affordable rental housing, support service
space, and ground floor art space and studio space, which financing require that the
Developer demonstrate site control; and,

WHEREAS, The Agency has proposed a long-term ground lease agreement ("Ground
Lease") with the Developer to allow the Developer to construct and operate improvements on
the Site while allowing the Agency to ensure that the affordability of the housing is maintained
over the long term; and,

WHEREAS, The Developer have leveraged the City's financial assistance through
successful applications to the U.S. Department of Housing and Urban Development's Section
811 Supportive Housing for Persons with Disabilities Program, and the State Housing and
Community Development Multifamily Housing Program ("MHP") funding; and,

WHEREAS, The Agency and the Developer have entered into an option to ground
lease agreement and intend to enter into a ground lease agreement (the "Ground Lease"), in
which the Agency will lease the Property for Fifty Thousand Dollars ($50,000.00) per year, in
exchange for the Developer's agreement, among other things, to operate the Project with rent
levels affordable to Very Low Income Households, provided, however, that notwithstanding
any other provision of this Ground Lease, the Annual Rent shall accrue, but shall not be
payable, during the term of the HUD documents, and further, that in the event HUD acquires
title to the property through foreclosure or deed-in-lieu of foreclosure, the accrued amount of
Annual Rent shall be extinguished. Annual Rent shall be payable from available cash flow
and will be due at the end of the Initial Term or after the expiration of the HUD documents,
whichever is earlier. However, during the period of the HUD subsidy, the actual lease
payment will be One Dollar ($1.00) in compliance with U.S. Department of Housing and Urban
Development's ("HUD") Section 811 Supportive Housing for Persons with Disabilities program
regulations; and,
WHEREAS, Although the Property could command a higher rent, leasing the Property for a rent in excess of the stated rent would render it financially infeasible to operate the Project and remain in compliance with HUD 811 regulations and with rent levels affordable to Very Low Income Households; and,

WHEREAS, Because the Property was purchased with tax increment money, Section 33433 of the California Health and Safety Code requires the Board of Supervisors' approval of its sale or lease, after a public hearing; and,

WHEREAS, Notice of the public hearing has been published as required by Health and Safety Code Section 33433; and

WHEREAS, The Agency prepared and submitted a report in accordance with the requirements of Section 33433 of the Health and Safety Code, including a copy of the proposed Ground Lease, and a summary of the transaction describing the cost of the Ground Lease to the Agency, the value of the property interest to be conveyed, the lease price and other information was made available for the public inspection; now, therefore, be it

RESOLVED, That the Board of Supervisors of the City and County of San Francisco does hereby find and determine that the lease of the Property from the Agency to Octavia Court, Inc, a California nonprofit public benefit corporation: (1) will provide housing for very low-income developmentally disabled adults; (2) is consistent with the Agency's citywide Tax Increment Affordable Housing Program, pursuant to California Health and Safety Code Section 33342.2, et. seq.; (3) the less than fair market value rent of approximately One Dollar ($1.00) per year for a period of seventy-five (75) years is necessary to achieve affordability for Very Low Income Households; and (4) the consideration to be received by the Agency is not less than the fair reuse value at the use and with the covenants and conditions and developments costs authorized by the Ground Lease; and, be it
FURTHER RESOLVED, That the Board of Supervisors hereby approves and authorizes the Agency to execute the Ground Lease of the Property from the Agency to Octavia Court, Inc., a California nonprofit public benefit corporation, substantially in the form of the Ground Lease lodged with the Agency General Counsel, and to take such further actions and execute such documents as are necessary to carry out the Ground Lease on behalf of the Agency.
Resolution approving the Redevelopment Agency of the City and County of San Francisco's lease of land at Assessor's Block 839, Lot 29, commonly known as 301 Oak Street/261 Octavia Boulevard, southwest corner of Oak Street and Octavia Boulevard, San Francisco, California (the "Site") in San Francisco's Central Freeway corridor, to OCTAVIA COURT, INC., a California nonprofit public benefit corporation, for 75 years for the purpose of developing housing for very low-income developmentally disabled adult households.

October 21, 2008 Board of Supervisors — ADOPTED
Ayes: 9 - Ammiano, Chu, Daly, Dufty, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Peskin
Absent: 2 - Alioto-Pier, Sandoval
I hereby certify that the foregoing Resolution was ADOPTED on October 21, 2008 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

10/30/2008
Date Approved

Mayor Gavin Newsom