

1 [Ground Lease - Redevelopment Agency Land - 1075 LeConte Avenue, Commonly Known as  
2 - 6600 Third Street]

3 **Resolution approving and authorizing the Redevelopment Agency of the City and**  
4 **County of San Francisco to execute a lease of land at 1075 Le Conte Avenue,**  
5 **Assessor's Block No. 009, Lot No. 5476, commonly known as 6600 Third Street with**  
6 **Third and LeConte Associates, LP, a California limited partnership, for a term of 70**  
7 **years for the purpose of developing housing for formerly homeless individuals and**  
8 **families.**

9  
10 WHEREAS, The Redevelopment Agency of the City and County of San Francisco  
11 ("Agency") and the City desire to increase the City's supply of affordable housing and  
12 encourage affordable housing development through financial and other forms of assistance;  
13 and,

14 WHEREAS, On February 17, 2009, by Resolution No. 22-2009, the Agency  
15 Commission authorized a tax increment loan agreement in the amount of \$3,075,000  
16 ("Acquisition Loan") with Third and LeConte Associates, L.P. ("Sponsor") for the acquisition of  
17 1075 Le Conte Avenue, Assessors Block 009, Lot5476 ("Site"), for the purpose of developing  
18 73 units of affordable rental housing for formerly homeless individuals and families ("Project");  
19 and,

20 WHEREAS, The terms of the Acquisition Loan require the Sponsor to hold the fee title  
21 to the Site in trust for the Agency until the time of the Project's construction loan closing and,  
22 upon the transfer of the Site to the Agency and the concurrent execution of a ground lease  
23 agreement between the Sponsor and the Agency, the Sponsor's Acquisition Loan repayment  
24 obligation will be satisfied in full; and,

1           WHEREAS, On March 1, 2011, by Resolution No. 23-2011, the Agency authorized a  
2 construction and permanent loan agreement with Sponsor in an amount not to exceed  
3 \$17,149,956 as gap funding for the Project and to leverage an allocation of low-income  
4 housing tax credits ("Permanent Loan Agreement"); and,

5           WHEREAS, The Sponsor is preparing to submit an application to the California Tax  
6 Credit Allocation Committee ("CTCAC") in July 2011 to secure the Project's final sources of  
7 funding; and,

8           WHEREAS, On April 19, 2011, by Resolution No. 49-2011, the Agency Commission  
9 authorized a 70-year ground lease agreement with the Sponsor ("Ground Lease Agreement")  
10 in anticipation of the Sponsor's successful CTCAC application, construction loan closing, and  
11 commencement of construction, thus allowing the Sponsor to construct and operate  
12 improvements on the Site and the Agency to ensure that the affordability of the housing is  
13 maintained over the long term. A copy of Agency Commission Resolution No. 49-2011 is on  
14 file with the Clerk of the Board of Supervisors in File No. 110516, and incorporated by  
15 reference herein as though fully set forth; and,

16           WHEREAS, The Ground Lease Agreement and Permanent Loan Agreement require  
17 the Sponsor to provide permanent, high-quality housing and on-site support services to  
18 formerly homeless individuals and families, and to secure financial subsidies required to  
19 operate the Project from the City's Human Services Agency through its Local Operating  
20 Subsidy Program ("LOSP"); and,

21           WHEREAS, Lease payments imposed upon the Project by the Agency would require  
22 additional City funding through LOSP, and to minimize the City's financial obligation, the  
23 Agency has set the Project's annual rent at One Dollar (\$1.00), provided, however, that if the  
24 Project ceases to serve homeless households, the annual rent shall adjust automatically,  
25 based upon the then-current fair market rental value of the Project; and,

1           WHEREAS, Though the Site could command a higher rent, leasing the Site for a rent in  
2 excess of the stated rent would impose an additional and unnecessary financial commitment  
3 upon the City; and,

4           WHEREAS, Because the Site was purchased with tax increment funds, Section 33433  
5 of the California Community Redevelopment Law, Health and Safety Code Sections 33000 et  
6 seq. ("Community Redevelopment Law") requires the Board of Supervisors to conduct a  
7 public hearing and approve of the Agency's sale or lease of the Site; and,

8           WHEREAS, Pursuant to Section 33433 of the Community Redevelopment Law, on  
9 May 17, 2011, the Board of Supervisors held a duly noticed public hearing on the Ground  
10 Lease Agreement. The hearing has been closed. Notice of such hearing was published in  
11 accordance with Sections 33433 of the Community Redevelopment Law; and,

12           WHEREAS, The Agency has prepared and submitted a report in accordance with the  
13 requirements of Section 33433 of the Community Redevelopment Law, including a copy of the  
14 proposed Ground Lease Agreement, and a summary of the transaction describing the cost of  
15 the Ground Lease Agreement to the Agency, the value of the property interest to be  
16 conveyed, the lease price and other information. This report was made available for the public  
17 inspection and is on file with the Clerk of the Board of Supervisors in File No. 110516 and  
18 incorporated herein by reference as through fully set forth; and,

19           WHEREAS, The by Resolution No. 20-2009, the Agency Commission adopted a Final  
20 Mitigated Negative Declaration prepared for the Project by the City Planning Department,  
21 finding that it reflected the independent judgment and analysis by the Agency, and was  
22 adequate and prepared in accordance with the California Environmental Quality Act  
23 (California Public Resources Code Sections 21000 et seq.); now, therefore, be it

24           RESOLVED, That the Board of Supervisors does hereby find and determine that the  
25 lease of the Site from the Agency to the Sponsor: (1) will provide housing for very low-income

1 households; (2) is consistent with the Agency's Citywide Tax Increment Affordable Housing  
2 Program, pursuant to Section 33342.2 of the Community Redevelopment Law; (3) carries a  
3 rental value, at approximately One Dollar (\$1.00) per year for a term of seventy (70) years,  
4 which is less than the fair market rental value, in order to achieve affordability for homeless  
5 households; and (4) the consideration to be received by the Agency is not less than the fair  
6 reuse value at the use and with the covenants and conditions and developments costs  
7 authorized by the Ground Lease Agreement; and, be it

8           FURTHER RESOLVED, That the Board of Supervisors hereby approves and  
9 authorizes the Agency to execute a Ground Lease Agreement with the Sponsor , substantially  
10 in the form on file with the Clerk of the Board of Supervisors in File No. 110516 and lodged  
11 with the Agency General Counsel, and make such revisions to the Ground Lease Agreement  
12 as do not materially increase the obligations or liabilities of the Agency or materially decrease  
13 the benefits to the Agency, as determined by the Agency's Executive Director, and to take any  
14 such further actions as necessary or appropriate to implement t the Ground Lease  
15 Agreement.



**City and County of San Francisco**  
**Tails**  
**Resolution**

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

**File Number:** 110516

**Date Passed:** May 17, 2011

Resolution approving and authorizing the Redevelopment Agency of the City and County of San Francisco to execute a lease of land at 1075 Le Conte Avenue, Assessor's Block No. 009, Lot No. 5476, commonly known as 6600 Third Street with Third and LeConte Associates, LP, a California limited partnership, for a term of 70 years for the purpose of developing housing for formerly homeless individuals and families.

May 17, 2011 Board of Supervisors - ADOPTED

Ayes: 10 - Avalos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener  
Excused: 1 - Campos

File No. 110516

I hereby certify that the foregoing Resolution was ADOPTED on 5/17/2011 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo  
Clerk of the Board

  
Mayor Edwin Lee

Date Approved