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.

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

WHEREAS, Seller received assistance for the acquisition of the Property and
rehabilitation of the Improvements in the form of loans from the City and County of
San Francisco ("City") and the former San Francisco Redevelopment Agency whose
current balances total approximately $6,200,000 in principal and approximately
$3,100,000 in accrued interest (the “Existing Debt”); and,

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

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

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

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

WHEREAS, MOHCD has additionally agreed to forgive approximately $1,700,000 in accrued interest from the Existing Debt in order to help make the Project financially feasible; and,
WHEREAS, Seller established a separate entity named Franciscan Towers Associates, L.P., a California limited partnership (the "LP"), to acquire the fee interest in the Improvements and to own and manage the Project; and,

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

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

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

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

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

WHEREAS, By letter dated July 8, 2013, the Department of City Planning adopted and issued a General Plan Consistency Finding, a copy of which is on file with the Clerk of the Board, wherein the Department of City Planning found that the acquisition and ground lease of the Property are consistent with the City's General Plan and with the Eight Priority Policies under Planning Code Section 101.1; and on
July 8, 2013, the Department of City Planning also found that acquisition and ground
lease of the Property are categorically exempt from Environmental Review; now,
therefore, be it

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

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

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

FURTHER RESOLVED, That the Board of Supervisors authorizes the Director
of Property (or his designee) and the Director of the Mayor's Office of Housing and
Community Development, in consultation with the City Attorney, to enter into any
additions, amendments or other modifications to the Purchase Agreement, the
Ground Lease and any other documents or instruments necessary in connection therewith, that the Director of Property determines are in the best interests of the City, do not materially decrease the benefits to the City with respect to the Property, do not materially increase the obligations or liabilities of the City, and are necessary or advisable to complete the transaction contemplated in the Purchase Agreement and the Ground Lease and that effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Director of Property (or his designee) of any such additions, amendments, or other modifications; and, be it

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

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

RECOMMENDED:

[Signature]

Director of Property

Supervisors Avalos, Kim, Campos
BOARD OF SUPERVISORS
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.

For Angela Calvillo
Clerk of the Board

Mayor

Date Approved

11/27/13