

1 [Real Property Acquisition - 145-165-11th Street, 973 Minna Street, and 964 Natoma Street -  
2 Recreation and Park Department - \$9,725,000]

3 **Resolution approving and authorizing an agreement for the City's acquisition of five**  
4 **parcels of improved real estate, consisting of approximately 19,500 square feet in land**  
5 **area, including the assumption of certain existing leases, from Ares Commercial**  
6 **Properties, Inc., for \$9,725,000; placing the property under the jurisdiction of the**  
7 **Recreation and Park Department, and authorizing the use of revenues from the**  
8 **property for property-related costs and future park planning; adopting findings under**  
9 **the California Environmental Quality Act for the acquisition, but requiring any future**  
10 **park conversion project to be subject to the review and approval of Recreation and**  
11 **Park Commission following environmental review; adopting findings that the**  
12 **conveyance is consistent with the General Plan, and eight priority policies of Planning**  
13 **Code, Section 101.1; and authorizing the Director of Property to execute documents,**  
14 **make certain modifications, and take certain actions in furtherance of the purchase**  
15 **agreement and this Resolution.**

16  
17 WHEREAS, Ares Commercial Properties, Inc. ("Seller") is the fee owner of Assessor's  
18 Parcel Block No 3510, Lot Nos. 035, 037, 039, 055 & 066, located at 145 11th Street, 147  
19 11th Street, 161-165 11th Street, 973 Minna Street, and 964 Natoma Street in the City and  
20 County of San Francisco containing approximately 19,500 square feet of improved land area  
21 (collectively, the "Properties"); and

22 WHEREAS, The Properties are encumbered by commercial leases, three of which (the  
23 "Assumed Leases") expire on or before September 30, 2021; and

1           WHEREAS, Under the Assumed Leases, the landlord has no obligation to repair or  
2 maintain the premises except for the surface and structural elements of the roof, the  
3 foundations and the load bearing walls; and

4           WHEREAS, The tenants under the Assumed Leases collectively pay the landlord  
5 approximately \$20,395 per month in base rent, and each tenant must also pay its share of  
6 common operating expenses; and

7           WHEREAS, Seller and City have negotiated a purchase and sale agreement (the  
8 "Purchase Agreement"), a copy of which is on file with the Clerk of the Board in File No.  
9 170422, for sale of the Properties to the City for Nine Million Seven Hundred Twenty-Five  
10 Thousand Dollars (\$9,725,000) subject to the terms and conditions stated therein; and

11           WHEREAS, An independent appraisal confirmed that the purchase price is equal to or  
12 less than the fair market value of the Properties; and

13           WHEREAS, Under the Purchase Agreement, the City will assume the landlord's rights  
14 and obligations under the Assumed Leases at closing, and the San Francisco Recreation and  
15 Park Department ("SFRPD") intends to allow the existing tenants under the Assumed Leases  
16 to remain on the Properties in accordance with their Assumed Lease terms through existing  
17 expiration dates, and to use the rents received to pay all operating or other expenses of  
18 SFRPD related to the Properties; and

19           WHEREAS, The City wishes to acquire the Properties for potential future development  
20 of a neighborhood park by SFRPD after the expiration of the existing terms of the Assumed  
21 Leases; and

22           WHEREAS, This acquisition will further SFRPD's mission, as articulated in the SFRPD  
23 Strategic Plan Objective 1.1 ("Develop more open space to address population growth in high  
24 needs areas and emerging neighborhoods"), by providing an opportunity to create a future  
25 park in a neighborhood that is in need of additional parks and open spaces; and

1           WHEREAS, This acquisition falls within one of the areas identified by the District 6  
2 Open Space Task Force in 2013 as desirable for new open space based on the Recreation  
3 and Open Space Element High Needs Areas mapping and such factors as population density,  
4 concentration of children and/or seniors, concentration of lower income households,  
5 anticipated growth, and the number existing parks relative to other areas in the City; and

6           WHEREAS, On August 18, 2016, the Recreation and Park Commission unanimously  
7 approved Resolution 1608-006 affirming the purchase of the Properties and urging the Board  
8 of Supervisors to take steps necessary to purchase the Properties with monies from the Open  
9 Space Acquisition Fund; and

10           WHEREAS, The public interest or necessity will not be inconvenienced by the  
11 acquisition of the Properties in accordance with the Purchase Agreement, and such  
12 acquisition will further a proper public recreational purpose; and

13           WHEREAS, The Planning Department, by letter dated April 4, 2017, found that the  
14 acquisition of the Properties is not considered a project under the California Environmental  
15 Quality Act ("CEQA", Pub. Resources Code Section 21000 et seq.) pursuant to CEQA  
16 Guidelines, Section 15060, and Chapter 31 of the City's Administrative Code, and is  
17 consistent with the General Plan, and the eight priority policies of Planning Code,  
18 Section 101.1, which letter is on file with the Clerk of the Board in File No. 170422, and  
19 incorporated herein by this reference; now, therefore, be it

20           RESOLVED, This Board affirms the Planning Department's determination under CEQA  
21 and finds that the proposed acquisition of the Properties is consistent with the General Plan  
22 and the eight priority policies of Planning Code, Section 101.1 for the reasons set forth in the  
23 Director of Planning's letter; and, be it

24           FURTHER RESOLVED, That in accordance with the recommendation of the General  
25 Manager of SFRPD and the Director of Property, the Board of Supervisors approves the

1 Purchase Agreement in substantially the form presented to the Board, and authorizes the  
2 General Manager of SFRPD and the Director of Property to take all actions necessary or  
3 appropriate to acquire the Properties and assume the Assumed Leases and any other leases  
4 approved by City as set forth in the Purchase Agreement, and to perform the City's obligations  
5 as a landlord; and, be it

6 FURTHER RESOLVED, That the Properties shall be placed under SFRPD's  
7 jurisdiction, and SFRPD shall use the revenues from the Properties to fulfill the City's  
8 obligations as landlord and applicable law and shall use any excess revenues, after paying all  
9 costs of operation and maintenance, for planning and other costs related to the potential  
10 demolition and conversion of the Properties to a public park following the departure of the  
11 existing tenants, and, be it

12 FURTHER RESOLVED, That any future building demolition and conversion of the  
13 Properties to a park will be subject to the review and approval of the Recreation and Park  
14 Commission following any required environmental review; and, be it

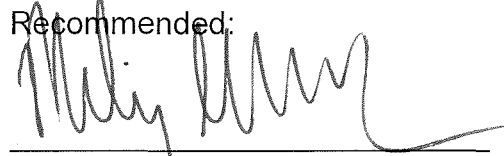
15 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
16 Property to enter into any amendments to the Purchase Agreement and to enter into ancillary  
17 agreements that the Director of Property determines, in consultation with the City Attorney  
18 and General Manager of SFRPD, are in the best interest of the City, do not otherwise  
19 materially increase the obligations or liabilities of the City, are necessary or advisable to  
20 effectuate the purposes of the Purchase Agreement and this resolution and are in compliance  
21 with all applicable laws, including City's Charter; and, be it

22 FURTHER RESOLVED, That the Director of Property is hereby authorized and urged  
23 to accept the deed to the Properties from the Seller upon the closing in accordance with the  
24 terms and conditions of the Purchase Agreement, and to take any and all steps (including, but  
25 not limited to, the execution and delivery of any and all certificates, agreements, notices,

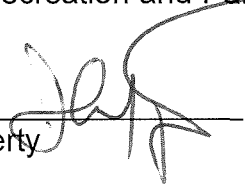
1 consents, escrow instructions, closing documents and other instruments or documents) as the  
2 Director of Property deems necessary or appropriate in order to acquire the Properties  
3 pursuant to the Purchase Agreement, or to otherwise effectuate the purpose and intent of this  
4 Resolution, such determination to be conclusively evidenced by the execution and delivery by  
5 the Director of Property of any such documents; and, be it

6 FURTHER RESOLVED, That the Director of Property shall provide the Clerk of the  
7 Board of Supervisors a fully executed copy of the Purchase Agreement within thirty (30) days  
8 after execution.

9  
10  
11  
12 Recommended:

13 

14 \_\_\_\_\_  
15 General Manager  
16 San Francisco Recreation and Parks Department

17   
18 \_\_\_\_\_  
19 Director of Property



City and County of San Francisco

Tails

Resolution

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

File Number: 170422

Date Passed: June 27, 2017

Resolution approving and authorizing an agreement for the City's acquisition of five parcels of improved real estate, consisting of approximately 19,500 square feet in land area, including the assumption of certain existing leases, from Ares Commercial Properties, Inc., for \$9,725,000; placing the property under the jurisdiction of the Recreation and Park Department, and authorizing the use of revenues from the property for property-related costs and future park planning; adopting findings under the California Environmental Quality Act for the acquisition, but requiring any future park conversion project to be subject to the review and approval of the Recreation and Park Commission following environmental review; adopting findings that the conveyance is consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and authorizing the Director of Property to execute documents, make certain modifications, and take certain actions in furtherance of the purchase agreement and this Resolution.

June 15, 2017 Budget and Finance Committee - RECOMMENDED

June 27, 2017 Board of Supervisors - ADOPTED

Ayes: 11 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Tang and Yee

File No. 170422

I hereby certify that the foregoing Resolution was ADOPTED on 6/27/2017 by the Board of Supervisors of the City and County of San Francisco.

Handwritten signature of Angela Calvillo
Angela Calvillo
Clerk of the Board

Handwritten signature of Mayor
Mayor

7/7/2017
Date Approved