Resolution approving and authorizing a long term Ground Lease with 1950 Mission Housing Associates, LP, on City owned land at 1950 Mission Street ("Property") for a term of 75 years, to commence following approval by the Board of Supervisors, with one 24-year option to extend, and with an annual base rent of $15,000 in order to construct a 100% affordable, 155-unit multifamily rental housing development (plus two staff units) for low-income persons ("Project"); adopting findings that the Ground Lease is consistent with the California Environmental Quality Act, the General Plan, and the eight priority policies of Planning Code, Section 101.1; and authorizing the Director of Property and the Director of the Mayor's Office of Housing and Community Development to execute documents, make certain modifications, and take certain actions in furtherance of this Resolution, as defined herein.

WHEREAS, In 2014, the Board of Supervisors approved the exchange of City property located near the intersection of McAllister Street and Ash Alley (555 Fulton and 380 Fulton Street) and an additional fee of $2,675,000 for real property owned by the San Francisco Unified School District located at 1950 Mission Street (Resolution No. 331-14) of City; and

WHEREAS, In 2015, the Mayor's Office of Housing and Community Development ("MOHCD"), issued a Request for Proposal ("RFP"), seeking submittals from qualified respondents to develop the Property as affordable rental housing; and

WHEREAS, Bridge Housing Corporation ("Bridge"), a California nonprofit public benefit corporation, in collaboration with Mission Housing Development Corporation ("MHDC"), a California nonprofit public benefit corporation, jointly responded to the RFP and was selected to be the developer for the Property; and
WHEREAS, Bridge and MHDC established 1950 Mission Housing Associates, LP, a California limited partnership ("Lessee"), as a separate entity under which to develop the Project; and

WHEREAS, MOHCD is also providing the Lessee with new financial assistance to leverage equity from an allocation of low-income housing tax credits and other funding sources in order for Lessee to construct a 100% affordable, 155-unit multifamily rental housing development for low-income persons (plus two staff units) with ancillary commercial space for public benefit and community serving purposes on the Property; and

WHEREAS, An appraisal dated February 21, 2013, valued the Property at $13,400,000; and

WHEREAS, The purpose of this Ground Lease is solely to implement the mission of MOHCD, and the Board of Supervisors’ approval of this Resolution furthers the public purpose of providing affordable housing for low-income households in need, thus obviating the need for a market rent lease appraisal described in San Francisco Administrative Code, Section 23.30; and

WHEREAS, MOHCD and the Director of Property have approved the form of the Ground Lease between MOHCD and the Lessee, pursuant to which MOHCD will lease the Property to the Lessee for a Base Rent of $15,000 per year, in exchange for the Lessee’s agreement, among other things, to construct and operate the Project with rent levels affordable to households up to 60% of unadjusted San Francisco Area Median Income (AMI); and

WHEREAS, A copy of the Ground Lease in a form substantially approved is on file with the Clerk of the Board of Supervisors in File No. 181007, and is incorporated herein by reference; and
WHEREAS, The Ground Lease provides, among other conditions, for a term of 75 years and one 24-year option to extend; and

WHEREAS, The Project was reviewed under the Eastern Neighborhoods Area Plan Environmental Impact Report (“EIR”) certified by the Planning Commission on December 4, 2017, the Project was determined to be consistent with the Eastern Neighborhoods Area Plan EIR and exempt from environmental review per CEQA Guidelines, Section 15183 (Planning Case No. 2016.001514EVN); and

WHEREAS, By letter dated January 28, 2014, the Department of City Planning found the acquisition and transfer between the San Francisco Unified School District and MOHCD to be consistent with the City’s General Plan, and with the eight priority policies under Planning Code, Section 101.1, and for the reasons set forth in a letter dated October 10, 2018, the Department of City Planning found the ground lease to also be consistent with the City’s General Plan, and with the eight priority policies under Planning Code, Section 101.1; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby adopts the findings contained in the document dated January 28, 2014, 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 Ground Lease is consistent with the City’s General Plan, and with the eight priority policies under Planning Code, Section 101.1, for the same reasons set forth in the letter of the Department of City Planning dated October 10, 2018, 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 recommendations of the Director of Property and the Director of MOHCD, the Board of Supervisors hereby approves the Ground Lease, and authorizes the Director of Property (or designee) and the Director of MOHCD (or designee) to execute and deliver the Ground Lease and any such other documents that are necessary or advisable to complete the transaction contemplated by the Ground Lease, and to effectuate the purpose and intent of this Resolution; and, be it

FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of Property (or designee) and the Director of MOHCD (or designee), in consultation with the City Attorney, to enter into any additions, amendments or other modifications to the Ground Lease (including in each instance, without limitation, the attachment of exhibits), that the Director of Property and the Director of MOHCD determine are in the best interests of the City, do not materially decrease the benefits to the City with respect to the Property, or otherwise materially increase the obligations or liabilities of the City, and are necessary or advisable to complete the transaction contemplated herein, effectuate the purpose and intent of this Resolution, and are in compliance with all applicable laws, including the City’s Charter, provided that documents that include amendments from what was previously submitted to the Board shall be provided to the Clerk of the Board, as signed by the parties, together with a marked copy to show any changes, within 30 days of execution for inclusion in the official file; and, be it

FURTHER RESOLVED, That all actions taken by any City employee or official with respect to the exercise of the Ground lease authorized and directed by this Resolution and heretofore taken are hereby ratified, approved and confirmed by this Board of Supervisors.
RECOMMENDED:

Andrico Q. Penick, Director of Property

Kate Hartley, Director, Mayor’s Office of Housing and Community Development
Resolution approving and authorizing a long term Ground Lease with 1950 Mission Housing Associates, LP, on City owned land at 1950 Mission Street ("Property") for a term of 75 years, to commence following approval by the Board of Supervisors, with one 24-year option to extend, and with an annual base rent of $15,000 in order to construct a 100% affordable, 155-unit multifamily rental housing development (plus two staff units) for low-income persons ("Project"); adopting findings that the Ground Lease is consistent with the California Environmental Quality Act, the General Plan, and the eight priority policies of Planning Code, Section 101.1; and authorizing the Director of Property and the Director of the Mayor's Office of Housing and Community Development to execute documents, make certain modifications, and take certain actions in furtherance of this Resolution, as defined herein.

November 01, 2018 Budget and Finance Committee - RECOMMENDED

November 13, 2018 Board of Supervisors - ADOPTED

Ayes: 11 - Brown, Cohen, Fewer, Kim, Mandelman, Peskin, Ronen, Safai, Stefani, Tang and Yee

File No. 181007

I hereby certify that the foregoing Resolution was ADOPTED on 11/13/2018 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor