

File No. 120572

Committee Item No. 4
Board Item No. 26

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Land Use and Economic Development Date June 4, 2012

Board of Supervisors Meeting Date June 12, 2012

Cmte Board

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Completed by: Alisa Miller Date June 1, 2012
Completed by: DEREK EVANS Date June 7, 2012

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

FILE NO. 120572

RESOLUTION NO.

05
[Real Property Acquisition, Ground Lease Agreement - Construction of Affordable Housing -
MERCY HOUSING CALIFORNIA XLIV - 1180-4th Street]

Resolution: 1) authorizing the Mayor's Office of Housing as Successor Housing Agency to the Redevelopment Agency to exercise an Agency Purchase Option for Block No. 8711, Lot No. 14, also known as 1180-4th Street located within the Mission Bay South Redevelopment Project Area pursuant to that certain Mission Bay South Owner Participation Agreement and Memorandum of Option between the Redevelopment Agency and FOCIL-MB, LLC; 2) approving and authorizing a long term ground lease to MERCY HOUSING CALIFORNIA XLIV, a California limited partnership, for a term of 75 years with a 24 year extension option, under San Francisco Charter Section 9.118, for the development and operation of affordable housing; and 3) making findings that the acquisition and lease is in conformance with CEQA, the City's General Plan, and the priority policies of Planning Code Section 101.1.

WHEREAS, FOCIL-MB, LLC a Delaware limited liability company ("FOCIL") and the San Francisco Redevelopment Agency ("Agency") previously entered into that certain Mission Bay South Owner Participation Agreement dated November 16, 1998 and recorded on December 3, 1998 in the Official Records of the City and County of San Francisco as Document #98-G477258 (the "South OPA") with respect to the designation and development of the area known as the Mission Bay South Redevelopment Project Area; and

WHEREAS, Pursuant to the South OPA, FOCIL is required to designate certain property within the Mission Bay South Redevelopment Project Area as Agency Affordable Housing Parcels, and to grant to the Agency an option, on specific terms and conditions, to

1 acquire such Agency Affordable Housing Parcels for the development and construction of
2 affordable housing units; and

3 WHEREAS, The Site was designated as an Affordable Housing Parcel and on June 22,
4 2007, FOCIL and the Agency executed and recorded a Memorandum of Option granting the
5 Agency a purchase option to acquire fee title to the Site (the "Option"), a copy of which is on
6 file with the Clerk of the Board of Supervisors under File No. 120572; and

7 WHEREAS, On March 30, 2009, FOCIL transferred the Site to Mercy Housing
8 California XLIV, a California limited partnership ("Mercy") in order to satisfy site control for the
9 specific purpose of securing State funding to develop 150 units of affordable family housing
10 on the Site (the "Project"); and

11 WHEREAS, The proposed Project will be the new construction of 150 family units
12 comprised of 1, 2, and 3 bedroom units which will serve households with incomes no higher
13 than 60% Area Median Income (as determined by the U.S. Department of Housing and Urban
14 Development and as calculated by the Mayor's Office of Housing), with 25 units set aside for
15 previously homeless families (the "Occupancy Restrictions"); and

16 WHEREAS, As part of the transfer of the Site to Mercy, Mercy acknowledged that it
17 was acquiring fee title to the Site subject to the Agency's Option, with the understanding
18 that prior to closing the construction financing for the Project, the Agency would exercise
19 the Option, acquire Mercy's fee interest to the Site, and concurrently ground lease the Site
20 back to Mercy for development of the Project; and

21 WHEREAS, In order to implement that transaction, the Agency and Mercy executed
22 a long-term ground lease that would become effective on the date the Agency obtained fee
23 title to the Site (the "Original Lease"), a copy of which is on file with the Clerk of the Board
24 of Supervisors in File 120572; and
25

1 WHEREAS, The Lease includes: (i) a term of 75 years, with an extension option of 24
2 years; (ii) annual base rent in the amount of Fifteen Thousand Dollars (\$15,000); and (iii) the
3 Occupancy Restrictions; and

4 WHEREAS, Pursuant to the Lease, prior to recordation of the Memorandum of Lease
5 and delivery of possession of the Site to Mercy, Mercy must obtain Board of Supervisors
6 approval of the Lease; and

7 WHEREAS, Under California State Assembly Bill No. 1X 26, adopted by the California
8 Legislature on June 15, 2011, the Agency was dissolved as of February 1, 2012; and

9 WHEREAS, Under Resolution No. 11-12, adopted by the Board of Supervisors and
10 Mayor as of January 26, 2012, the Mayor's Office of Housing ("MOH") was designated as the
11 successor housing agency to the Agency and was authorized to manage all of the Agency's
12 affordable housing assets and to exercise the housing functions that the Agency previously
13 approved; and

14 WHEREAS, The Site is a housing asset within the meaning of California State
15 Assembly Bill No. 1X 26 and Resolution No. 11-12; and

16 WHEREAS, On November 2, 1998 this Board of Supervisors approved Ordinance
17 No.335-98, a copy of which is on file with the Clerk of the Board in File No.98-1441, in which
18 this Board adopted environmental findings pursuant to the California Environmental Quality
19 Act ("CEQA") for the overall redevelopment plan for the Mission Bay South Redevelopment
20 Project Area, and adopted the Planning Commission's findings with respect to the conformity
21 of the overall redevelopment plan for the Mission Bay South Redevelopment Project Area with
22 the City's General Plan and the Eight Priority Policies of Planning Code Section 101.1, the
23 terms of which are hereby incorporated into this Resolution; and
24
25

1 WHEREAS, MOH, as the successor housing agency, is now ready to exercise the
2 Option to acquire the Site, thereby satisfying FOCIL's obligation under the South OPA and
3 allowing Mercy to close the construction financing for the Project; and

4 WHEREAS, In connection with MOH's acquisition of the Site, MOH and Mercy desire
5 to amend and restate the Original Lease to address, amongst other things, the dissolution of
6 the Agency, in substantially the form of the amended and restated ground lease on file with
7 the Clerk of the Board of Supervisors in File 120572 (the "Lease"); now, therefore, be it

8 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
9 hereby finds that the exercising of the Option to acquire the Site is consistent with the General
10 Plan and with the Eight Priority Policies of City Planning Code 101.1 for the same reasons as
11 set forth in Ordinance 335-98, the terms of which are hereby incorporated into this Resolution;
12 and, be it

13 FURTHER RESOLVED, That in accordance with the recommendations of the Director
14 of Property and the Director of MOH, the Board of Supervisors hereby approves the exercise
15 of the Option and acquisition of the Site, and authorizes the Director of Property , along with
16 the Director of the Mayor's Office of Housing, to accept a grant deed of the Site from Mercy,
17 release FOCIL from its obligations under the South OPA with respect to the Site, and to take
18 any and all actions necessary or appropriate to complete such transactions; and, be it

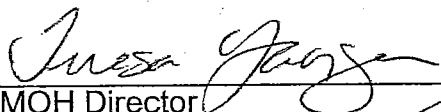
19 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Lease
20 and authorizes MOH, through its Director, to finalize negotiations for the Lease and
21 following negotiations for the Lease authorizes the Director of Property and the Director of
22 MOH or his designee, to execute and deliver the Lease; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
24 Property and the Director of MOH, in consultation with the City Attorney, to enter into any
25 additions, amendments or other modifications to the Lease (including, without limitation, the

Supervisor Kim
BOARD OF SUPERVISORS

1 attachment of exhibits) covenants or any easement agreements that the Director of MOH
2 and Director of Property determine, in consultation with the City Attorney, are in the best
3 interest of the City, that do not decrease revenues to the City in connection with the Project,
4 or otherwise materially increase the obligations or liabilities of the City, are necessary or
5 advisable to complete the transaction contemplated in the South OPA, and effectuate the
6 purpose and intent of this Resolution, and are in compliance with all applicable laws,
7 including the City's Charter.

8
9
10 RECOMMENDED:

11
12 
13 MOH Director

14 
15 Acting Director of Property

**MAYOR'S OFFICE OF HOUSING
CITY AND COUNTY OF SAN FRANCISCO**



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

May 22, 2012

Honorable Supervisor Jane Kim
City and County of San Francisco
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Resolution approving and authorizing a long term ground lease of 1180 4th Street to Mercy Housing California XLIV, a California limited partnership and making findings that the lease is in conformance with CEQA, the City's General Plan, and the priority policies of Planning Code Section 101.1

Thank you for agreeing to introduce a resolution regarding a long-term ground lease for 1180 4th Street, an affordable housing development sponsored by Mercy Housing California. The resolution would authorize Olson Lee, as Director of this office, working with the Acting Director of Real Estate to enter into a lease for an initial period of 75 years with one optional 24-year extension.

The proposed project is the new construction of 150 affordable family units (including 1 manager's unit), with 25 of the units targeted to formerly homeless families. For the term of the lease, eligible residents must have incomes no higher than 50% of the Area Median Income (as determined by the U. S. Department of Housing and Urban Development and as calculated by MOH).

In order to meet a deadline for issuing the bond financing, the resolution must be introduced at the Board no later than **May 22, 2012**, and be considered by the City's Land Use Committee no later than **June 4, 2012**, and by the full Board by **June 5, 2012**. We would appreciate any assistance you can provide to help meet this schedule so that project financing can be closed and construction can start before the end of June.

The attached resolution has been reviewed and approved by the Acting Director of Real Estate and Deputy City Attorney Evan Gross.

If you have any questions about the resolution or the project please contact Joan McNamara at 701-5532.

Thank you.


Teresa Yanga
Director of Housing Development

RECORDING REQUESTED BY AND WHEN RECORDED, RETURN TO: San Francisco Redevelopment Agency One South Van Ness Avenue, 5th Floor San Francisco, CA 94103 Attention: General Counsel	RECORDED AT THE REQUEST OF CHICAGO TITLE CO. AT 8 MIN. PAST 8:00 AM JUL 05 2007 T413534 City & County of San Francisco, CA
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SPACE ABOVE THIS LINE FOR RECORDER'S USE
This instrument exempt from recording fees (Gov. Code § 27383)

APN 8711/14

MEMORANDUM OF OPTION
(Block 8711 Lot 14, Former Block 13 Parcel E)

This Memorandum of Option ("Memorandum") is entered into as of JUNE 22, 2007, by and between the Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic of the State of California, established pursuant to the Community Redevelopment Law of the State of California (the "Agency"), and FOCIL-MB, LLC, a Delaware limited liability company, or its agents, designees or successors (the "Owner").

RECITALS

A. The Agency and the Owner are the parties to that certain Mission Bay South Owner Participation Agreement dated November 16, 1998 (the "South OPA") recorded on December 3, 1998 in the Official Records of the City and County of San Francisco as Document 98-G477258. The South OPA provides for the redevelopment of certain real property owned by the Owner which is located in the South Plan Area (as more particularly described in the South OPA).

B. Pursuant to the South OPA including the Housing Program, the Owner is required from time to time to designate certain property as Agency Affordable Housing Parcels, and to grant to the Agency an option, on specified terms and conditions, to acquire such Agency Affordable Housing Parcels for the development and construction of Affordable Housing Units upon the terms and conditions therein set forth. This Memorandum is being recorded to evidence such designation and grant of option as to the real property described herein.

NOW THEREFORE, the Agency and the Owner agree as follows:

1. Defined Terms. All capitalized terms used in this Memorandum which are not otherwise defined herein shall have the meanings given them in the South OPA, including the Housing Program, which is Attachment C thereto.

2. Designation and Grant of Option. The Owner hereby designates and Agency hereby accepts the designation of the real property described in Exhibit A hereto as an Agency Affordable Housing Parcel, and Owner grants to Agency an option to acquire fee title to such Property upon the terms and conditions contained herein and in the Housing Program.

3. Owner's Right to Reserve Easements and Adopt Restrictions. Subject to the terms and conditions set forth in the Housing Program, Owner from time to time prior to the time it conveys the Agency Affordable Housing Parcel hereunder reserves the right to: (a) declare and/or reserve easements over, under and through the Agency Affordable Housing Parcel for the benefit of one or more adjacent parcels for Infrastructure consistent with the Infrastructure Plan, for support, construction staging, and ingress/egress for construction purposes; and (b) to declare and/or adopt agreements creating covenants, conditions and/or restrictions binding upon the Agency Affordable Housing Parcel and one or more parcels of adjacent property with respect to their common or collective development consistent with the development contemplated by the Redevelopment Requirements. This Section 3 shall not be construed to modify or amend any provision of the Housing Program, including, without limitation, Section 2.4(e) regarding the condition of title upon conveyance to the Agency of the Agency Affordable Housing Parcel.

4. Restrictions on Transfer. The Agency may not sell, assign or transfer its rights or delegate its duties and obligations hereunder except as permitted in the South OPA, including the Housing Program.

5. Successors and Assigns. This Memorandum shall run with the land and shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

6. Purpose of Memorandum. This Memorandum is prepared for the purpose of providing notice of the rights and obligations of the parties under the Housing Program with respect to the option to acquire the Property. All of the Terms and conditions of the South OPA, including the Housing Program, with respect to such matters are incorporated herein by reference as if the same were fully set forth herein, and this Memorandum shall in no way modify the provisions of the South OPA including the Housing Program.

7. Governing Law. The laws of the State of California shall govern the interpretation and enforcement of this Memorandum.

IN WITNESS WHEREOF, this Memorandum of Option has been duly executed by the undersigned parties.

AGENCY:

REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO,
a public body, corporate and politic

By: Marcia Rosen

Name: Marcia Rosen

Title: Executive Director

OWNER:

FOCIL-MB, LLC,
a Delaware limited liability company

By: FARALLON CAPITAL MANAGEMENT, L.L.C.
a Delaware limited liability company

Its: Manager

By: _____

Name: _____

Richard B. Fried
Managing Member

Title: _____

ACKNOWLEDGMENT

State of California

County of San Francisco

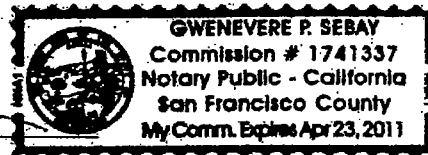
On 6/28/07 before me, Gwenever P. Sebay, Notary Public
(here insert name and title of the officer)

personally appeared Marcia Rosen

personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be
the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and
acknowledged to me that ~~he~~/she/~~they~~ executed the same in his/~~her~~/~~their~~ authorized
capacity(~~ies~~), and that by his/~~her~~/~~their~~ signature(s) on the instrument the person(s),
or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature [Signature]



(Seal)

ACKNOWLEDGMENT

State of California
County of San Francisco

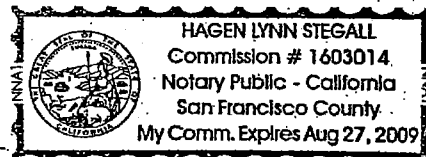
On 5/01/07 before me, Hagen Lynn Stegall, Notary Public
(here insert name and title of the officer)
personally appeared Richard B. Fried

personally known to me (or proved to me on the basis of satisfactory evidence) to be
the person(s) whose name(s) is/are subscribed to the within instrument and
acknowledged to me that he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),
or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Hagen Lynn Stegall



(Seal)

EXHIBIT A

Legal Description of Agency Affordable Housing Parcel

Former Block 13 Parcel E

All that real property situated in the City and County of San Francisco, State of California, described as Lot 14, as said lot is shown on the Final Map Tract No. 3936, recorded February 22, 2006 in Book BB of Maps, at Page 54 through 58. (APN 8711/14)



GROUND LEASE

1180 FOURTH STREET FAMILY HOUSING

by and between the

**REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO**

as Landlord

and

MERCY HOUSING CALIFORNIA XLIV

a California Limited Partnership

as Tenant

Dated as of March 29, 2011



GROUND LEASE
1180 FOURTH STREET FAMILY HOUSING
by and between the
CITY AND COUNTY OF SAN FRANCISCO
as Landlord
and
MERCY HOUSING CALIFORNIA XLIV
a California Limited Partnership
as Tenant
Dated as of May 22, 2012

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Mercy Housing Calwest, managing general partner of Mercy Housing California XLIV, L.P.	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary</i>	
1) Board of Directors Valerie Agostino, Chair Vince Dodds Doug Shoemaker	
2) Officers Jane Graf President Valerie Agostino Vice President Barbara Gualco Vice President Stephan Daues Vice President Ben Phillips Vice President Doug Shoemaker Vice President Ed Holder Vice President Lillian Murphy Vice President Vince Dodds Vice President/Treasurer Amy Bayley Secretary Patricia O'Roark Assistant Secretary	
3) N/A	
4) N/A	
5) N/A	
Contractor address: 1360 Mission Street, San Francisco, CA 94103	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contract: N.A. - Ground Lease
Describe the nature of the contract that was approved: Long-term Ground Lease for 1180 4 th Street, 150 units of affordable family housing	
Comments:	

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form

☒ a board on which the City elective officer(s) serves San Francisco Board of Supervisors

Print Name of Board

☐ the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed