

1 [Loan Agreement and Ground Lease - 681 Florida Housing Associates, L.P. - 100%
2 Affordable Housing - 681 Florida Street - Loan Not to Exceed \$35,076,507 - Annual Ground
3 Lease Base Rent of \$15,000]

4 **Resolution approving and authorizing an Amended and Restated Loan Agreement in an**
5 **amount not to exceed \$35,076,507 for a minimum loan term of 57 years (“Loan**
6 **Agreement”)** to finance the construction of a 100% affordable, 130-unit multifamily
7 **rental housing development (plus one staff unit) at 681 Florida Street (the “Property”)**
8 **for low income households with space for Production, Design and Repair uses**
9 **(“Project”); approving and authorizing a Ground Lease to 681 Florida Housing**
10 **Associates, L.P., a California limited partnership for a lease term of 75 years and one**
11 **24-year option to extend and an annual base rent of \$15,000 in order to construct and**
12 **operate the Project; adopting findings that the Loan Agreement and Ground Lease are**
13 **consistent with the General Plan, and the eight priority policies of Planning Code,**
14 **Section 101.1; and authorizing the Director of Property to execute the Ground Lease,**
15 **and authorize Director of Mayor’s Office of Housing and Community Development to**
16 **execute the Loan Agreement, make certain modifications to such agreements, and take**
17 **certain actions in furtherance of this Resolution, as defined herein.**

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19 WHEREAS, The City and County of San Francisco (the “City”), acting through Mayor’s
20 Office of Housing and Community Development (MOHCD), administers a variety of housing
21 programs that provide financing for the development of new affordable housing and the
22 rehabilitation of single- and multi-family housing for low- and moderate-income households
23 and resources for homeowners in San Francisco; and

24 WHEREAS, MOHCD enters into loan agreements with affordable housing developers
25 and operators; administers loan agreements; reviews annual audits and monitoring reports;

1 monitors compliance with affordable housing requirements in accordance with capital funding
2 regulatory agreements; and if necessary, takes appropriate action to enforce compliance; and

3 WHEREAS, On October 13, 2016, MOHCD issued a Request for Proposals (“RFP”),
4 seeking submittals from qualified respondents to develop the Property as affordable housing
5 for families and Production, Design and Repair (“PDR”) space; and

6 WHEREAS, In 2017, the Board of Supervisors approved the acquisition (Resolution
7 No. 258-17) of the Property from Bryant Street Holdings LLC (“Seller”) who owned 19,000
8 square feet of land within Assessor’s Parcel Block No. 4022, located at 2070 Bryant Street
9 (sometimes referred to as 681 Florida Street), San Francisco; and

10 WHEREAS, The Tenderloin Neighborhood Development Corporation (“TNDC”) and the
11 Mission Economic Development Agency (“MEDA”), California nonprofit public benefit
12 corporations, jointly responded to the RFP, and were selected to be the developer for the
13 Property; and

14 WHEREAS, TNDC and MEDA established 681 Florida Housing Associates,
15 L.P., a California limited partnership (“Developer”), as a separate entity under which to
16 develop the Project; and

17 WHEREAS, On August 9, 2019, the Developer entered into an Option to Ground
18 Lease with MOHCD for the Property (Lot 239, Block 4022) for the purpose of
19 developing the Project; and

20 WHEREAS, By an authorization dated May __, 2018 (the “Planning Department
21 Authorization”), the Planning Director authorized the affordable housing project authorization
22 for the Project, deeming the Project consistent with the General Plan, and eight priority
23 policies of Planning Code, Section 101.1, a copy of the authorization is on file with the Clerk of
24 the Board of Supervisors in File No. _____, and is incorporated herein by reference; and
25

1 WHEREAS, MOHCD and the Director of Property have approved the form of the
2 Ground Lease between City and the Developer, pursuant to which the City will lease the
3 Property to the Developer for a term of 75 years and one 24-year option to extend and a base
4 rent of fifteen thousand dollar (\$15,000) per year, in exchange for the Developer’s agreement,
5 among other things, to construct and operate the Project with rent levels affordable to
6 households up to 85% of unadjusted San Francisco Area Median Income (AMI), and a copy of
7 the Ground Lease in a form substantially approved is on file with the Clerk of the Board of
8 Supervisors in File No. _____, and is incorporated herein by reference; and,

9 WHEREAS, The proposed rent of the Ground Lease is less than Market Rent (as
10 defined in Administrative Code, Section 23.2), but the lower rent will serve a public purpose by
11 providing affordable housing for low-income households in need; and

12 WHEREAS, MOHCD is also providing the Developer with new financial assistance to
13 leverage equity from an allocation of low-income housing tax credits, funds from the State of
14 California, and other funding sources in order for Developer to construct the Project; and

15 WHEREAS, On August 7, 2020, the Citywide Affordable Housing Loan Committee,
16 consisting of MOHCD, Department of Homeless and Supportive Housing, and the Office of
17 Community Investment and Infrastructure, recommended approval to the Mayor of a loan for
18 the Project in an amount not to exceed \$35,076,507; and

19 WHEREAS, The loan would be given under the Loan Agreement, which would be
20 entered into under the following material terms: (i) a minimum term of 57 years; (ii) an interest
21 rate of zero percent (0%); (iii) annual repayment of the Loan Agreement by Developer
22 through residual receipts from the Project; (iv) the Project shall be restricted for life of the
23 Project as affordable housing to low-income households with annual maximum rent and
24 income established by MOHCD; and (v) the Loan Agreement shall be secured by a deed of
25 trust recorded against the Developer’s leasehold interest in the Property; and

1 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
2 associated actions necessary to effectuate the Project) is consistent with the General Plan,
3 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
4 set forth in the Planning Department Authorization, and hereby incorporates such findings by
5 reference as though fully set forth in this Resolution; and, be it

6 FURTHER RESOLVED, That in accordance with the recommendation of the Director
7 of MOHCD and the Director of Property, the Board of Supervisors approves the Ground
8 Lease, in substantially the form presented to the Board, and authorizes the Director of
9 Property (or the Director’s designee, as used throughout), to execute and deliver the Ground
10 Lease, in substantially the form presented to the Board, and any such other documents that
11 are necessary or advisable to complete the transaction contemplated by the Ground Lease,
12 and to effectuate the purpose and intent of this Resolution, and determines that the less than
13 Market Rent payable under the Ground Lease will serve a public purpose by providing
14 affordable housing for low-income households in need; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
16 Agreement in substantially the form presented to the Board, and authorizes the Mayor and the
17 Director of MOHCD (or the Director’s designee, as used throughout), to execute and deliver
18 the Loan Agreement and any such other documents that are necessary or advisable to
19 complete the transaction contemplated by the Loan Agreement and to effectuate the purpose
20 and intent of this Resolution; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
22 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any
23 additions, amendments, or other modifications to the Ground Lease, Loan Agreement, and
24 any other documents or instruments necessary in connection therewith (including, without
25 limitation, preparation and attachment or, or changes to, any of all of the exhibits and ancillary

1 agreements), that the Director of Property and/or Director of MOHCD determine are in the
2 best interests of the City, do not materially decrease the benefits to the City with respect to the
3 Property, do not materially increase the obligations or liabilities of the City, and are necessary
4 or advisable to complete the transactions contemplated in the Ground Lease and Loan
5 Agreement, and that effectuate the purpose and intent of this Resolution, such determination
6 to be conclusively evidenced by the execution and delivery by the Director of Property and/or
7 the Director of MOHCD of any such additions, amendments, or other modifications; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
9 delegates to the Director of MOHCD and/or the Director of Property, the authority to
10 undertake any actions necessary to protect the City's financial security in the Property and
11 enforce the affordable housing restrictions, which may include, without limitation, acquisition
12 of the Property upon foreclosure and sale at a trustee sale, acceptance of a deed in lieu of
13 foreclosure, or curing the default under a senior loan; and, be it

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

17 FURTHER RESOLVED, That within thirty (30) days of the Ground Lease, and Loan
18 Agreement being fully executed by all parties, MOHCD shall provide the final agreements to
19 the Clerk of the Board for inclusion into the official file.

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