

1 [Ground Lease and Loan Agreement - 180 Jones Associates, L.P. - 180 Jones Street - 100%
2 Affordable Housing - Ground Lease with Base Rent of \$15,000 - Loan Not to Exceed
3 \$13,950,000]

4 **Resolution 1) approving and authorizing the Director of Property and the Mayor's**
5 **Office of Housing and Community Development ("MOHCD") to enter into a Ground**
6 **Lease for real property owned by the City located at 180 Jones Street ("Property") with**
7 **180 Jones Associates, L.P. for a lease term of 75 years and one 24-year option to**
8 **extend, with an annual base rent of \$15,000 ("Ground Lease") in order to construct a**
9 **100% affordable, 70-unit multifamily rental housing development affordable to low-**
10 **income households, including 35 supportive housing units available for households**
11 **experiencing homelessness, and one resident manager unit (the "Project"); 2)**
12 **approving and authorizing a Loan Agreement in an amount not to exceed \$13,950,000**
13 **for a minimum loan term of 57 years ("Loan Agreement") to finance the development**
14 **and construction of the Project; 3) adopting findings declaring that the Property is**
15 **"exempt surplus land" pursuant to the California Surplus Lands Act; 4) determining**
16 **that the less than market rent payable under the Ground Lease will serve a public**
17 **purpose by providing affordable housing for low-income households in need, in**
18 **accordance with Administrative Code, Section 23.3; 5) adopting findings that the**
19 **Project and proposed transactions are consistent with the General Plan, and the eight**
20 **priority policies of Planning Code, Section 101.1; 6) authorizing the Director of Property**
21 **and/or the Director of MOHCD to execute the Ground Lease and the Loan Agreement,**
22 **and make certain modifications to such agreements, as defined herein, and take certain**
23 **actions in furtherance of this Resolution, as defined herein; and 7) to authorize the**
24 **Director of Property and/or Director of MOHCD to enter into any additions,**
25 **amendments, or other modifications to the Ground Lease and the Loan Agreement that**

1 **do not materially increase the obligations or liabilities to the City and are necessary to**
2 **effectuate the purposes of the Ground Lease and the Loan Agreement or this**
3 **Resolution.**

4
5 WHEREAS, The City and County of San Francisco (“City”) owns certain real property
6 located at 180 Jones Street in San Francisco, California, which is comprised of approximately
7 4,743 square feet and known as Assessor's Parcel Block No. 0343, Lot No. 014 (the
8 “Property”); and

9 WHEREAS, Pursuant to Ordinance No. 49-17 (as amended by Ordinance Nos. 209-17
10 and 114-21), the City acquired the Property through a land dedication and will receive funds
11 for the development and construction of affordable housing on the Property; and

12 WHEREAS, The City, acting through the Mayor’s Office of Housing and Community
13 Development (MOHCD), administers a variety of housing programs that provide financing for
14 the development of new affordable housing and the rehabilitation of single- and multi-family
15 housing for low- and moderate-income households and resources for homeowners in San
16 Francisco; and

17 WHEREAS, MOHCD enters into loan agreements with affordable housing developers
18 and operators; administers loan agreements; reviews annual audits and monitoring reports;
19 monitors compliance with affordable housing requirements in accordance with capital funding
20 regulatory agreements; and if necessary, takes appropriate action to enforce compliance; and

21 WHEREAS, On March 15, 2019, MOHCD issued a Request for Qualifications (“RFQ”)
22 for a developer to work with the City to develop affordable housing on the Property; and

23 WHEREAS, Tenderloin Neighborhood Development Corporation, a California nonprofit
24 public benefit corporation (“TNDC”) responded to the RFQ and was selected as the developer
25 of the Project; and

1 WHEREAS, TNDC has established 180 Jones Associates, L.P., a California
2 limited partnership (the “Developer”), as a separate entity under which to develop and
3 construct the Project; and

4 WHEREAS, On July 17, 2020, by Notice of Final Approval of an SB 35 Project,
5 the Planning Department by case No. 2020-003840PRJ determined that the
6 development of the Project met all the standards of the Planning Code and would be
7 eligible for ministerial approval under California Government Code, Section 65913.4
8 (Senate Bills 35 and 765), California Public Resources Code, Section 21080, and the
9 CEQA Guidelines, Sections 15002(i)(1), 15268 and 15369, and would therefore not be
10 subject to the California Environmental Quality Act (“CEQA”); a copy of the Notice of
11 Final Approval of an SB 35 Project is on file with the Clerk of the Board of Supervisors
12 in File No. 220431, and is incorporated herein by reference; and

13 WHEREAS, The Planning Department determined that the Project is consistent with
14 the General Plan, and eight priority policies of Planning Code, Section 101.1 (the “General
15 Plan Referral”); a copy of the Planning Department’s General Plan Referral is on file with the
16 Clerk of the Board of Supervisors in File No. 220431, and is incorporated herein by reference;
17 and

18 WHEREAS, The Property is “exempt surplus land,” as defined in California
19 Government Code, Section 54221(f)(1), because the Project will restrict 100% of the
20 residential units to low-income persons and families, pursuant to California Government Code,
21 Section 54221(f)(1)(F)(i); and

22 WHEREAS, MOHCD and the Director of Property have approved the form of the
23 Ground Lease between the City and the Developer, pursuant to which the City will lease the
24 Property to the Developer for a term of 75 years and one 24-year option to extend and a base
25 rent of \$15,000 per year, in exchange for the Developer’s agreement, among other things, to

1 construct and operate the Project with rent levels affordable to households up to 85% of
2 unadjusted San Francisco Area Median Income (AMI); a copy of the substantially final form of
3 Ground Lease is on file with the Clerk of the Board of Supervisors in File No. 220431, and is
4 incorporated herein by reference; and

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

8 WHEREAS, MOHCD is also providing the Developer with financial assistance to
9 combine with other funding sources in order for Developer to construct the Project; and

10 WHEREAS, On March 4, 2022, the Citywide Affordable Housing Loan Committee,
11 consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of
12 Community Investment and Infrastructure, and the Controller's Office of Public Finance
13 recommended approval to the Mayor of a loan to the Developer for the Project in an amount
14 not to exceed \$13,950,000 in local funds (the "Loan"); and

15 WHEREAS, The City, through MOHCD, will make the Loan to the Developer under a
16 Loan Agreement and evidenced by a promissory note with the following material terms: (i) a
17 minimum term of 57 years; (ii) an interest rate of up to three percent (3%); (iii) annual
18 repayment of the Loan by Developer through residual receipts from the Project; (iv) the
19 Project shall be restricted for life of the Project as affordable housing to low-income
20 households with annual maximum rent and income established by MOHCD; and (v) the Loan
21 Agreement shall be secured by a deed of trust recorded against the Developer's leasehold
22 interest in the Property; a copy of the substantially final forms of the Loan Agreement,
23 promissory note, deed of trust, and declaration of restrictions is on file with the Clerk of the
24 Board of Supervisors in File No. 220431, and is incorporated herein by reference; now,
25 therefore, be it

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 General Plan Referral, and hereby incorporates such findings by reference as
5 though fully set forth in this Resolution; and, be it

6 FURTHER RESOLVED, That the Board of Supervisors hereby finds, in consideration
7 of the foregoing, that the Property is “exempt surplus land,” as defined in California
8 Government Code, Section 54221(f)(1), because the Project will restrict 100% of the
9 residential units to low-income persons and families, pursuant to California Government Code,
10 Section 54221(f)(1)(F)(i); and

11 FURTHER RESOLVED, That in accordance with the recommendation of the Director
12 of MOHCD and the Director of Property, the Board of Supervisors approves the Ground
13 Lease in substantially the form presented to the Board, and authorizes the Director of
14 Property (or the Director’s designee, as used throughout) and Director of MOHCD (or the
15 Director’s designee, as used throughout), to execute and deliver the Ground Lease, in
16 substantially the form presented to the Board, and any such other documents or agreements
17 (including such agreements to provide adequate or additional security or indemnities as
18 required by lenders to consummate the financing of the Project or lease of the Property) that
19 are necessary or advisable, in consultation with the City Attorney, to complete the transaction
20 contemplated by the Ground Lease and to effectuate the purpose and intent of this
21 Resolution, and determines that the less than Market Rent payable under the Ground Lease
22 will serve a public purpose by providing affordable housing for low-income households in
23 need; and, be it

24 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
25 Agreement and the transaction contemplated thereby in substantially the form presented to

1 the Board, and authorizes the Mayor and the Director of MOHCD, to execute and deliver the
2 Loan Agreement and any such other documents that are necessary or advisable to complete
3 the transaction contemplated by the Loan Agreement and to effectuate the purpose and intent
4 of this Resolution; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
6 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any
7 additions, amendments, or other modifications to the Ground Lease and the Loan Agreement,
8 and any other documents or instruments necessary in connection therewith (including, without
9 limitation, any notice of special restrictions required by the Planning Department and
10 preparation and attachment or, or changes to, any of all of the exhibits and ancillary
11 agreements), that the Director of Property and/or Director of MOHCD determine are in the
12 best interests of the City, do not materially decrease the benefits to the City with respect to the
13 Property, do not materially increase the obligations or liabilities of the City, and are necessary
14 or advisable to complete the transaction contemplated in the Ground Lease and the Loan
15 Agreement, and that effectuate the purpose and intent of this Resolution, such determination
16 to be conclusively evidenced by the execution and delivery by the Director of Property and/or
17 the Director of MOHCD of any such additions, amendments, or other modifications; and, be it

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

24
25

