

1 [Loan Agreement - Sunnydale Block 9 Housing Partners, L.P. - Sunnydale HOPE SF Block 9 -
2 100% Affordable Housing - Not to Exceed \$30,200,000]

3 **Resolution approving and authorizing the Director of the Mayor’s Office of Housing**
4 **and Community Development to execute an Amended and Restated Loan Agreement**
5 **with Sunnydale Block 9 Housing Partners, L.P., a California limited partnership, for a**
6 **total loan amount not to exceed \$30,200,000 to finance the construction of a 95-unit**
7 **multifamily rental housing development for low-income households, which will be**
8 **known as Sunnydale HOPE SF Block 9 (the "Project"); and adopting findings that the**
9 **loan agreement is consistent with the adopted Mitigation Monitoring and Reporting**
10 **Program under the California Environmental Quality Act, the General Plan, and the**
11 **eight priority policies of Planning Code, Section 101.1.**

12
13 WHEREAS, In August 2007, the San Francisco Board of Supervisors
14 established the HOPE SF program to fund revitalization of San Francisco’s most
15 distressed public housing (Ordinance No. 180-07 and Resolution No. 556-07); and

16 WHEREAS, HOPE SF is the nation’s first large-scale public housing transformation
17 collaborative aimed at disrupting intergenerational poverty, reducing social isolation, and
18 creating vibrant mixed-income communities without mass displacement of current residents;
19 and

20 WHEREAS, HOPE SF, the City’s signature anti-poverty and equity initiative, is
21 committed to breaking intergenerational patterns related to the insidious impacts of trauma
22 and poverty, and to creating economic and social opportunities for current public housing
23 residents through deep investments in education, economic mobility, health and safety; and

1 WHEREAS, The Housing Authority of the City and County of San Francisco (“SFHA”)
2 owns and operates 775 units of public housing on the approximately 50-acre site, known as
3 Sunnydale-Velasco (“Sunnydale”); and

4 WHEREAS, In 2007, SFHA issued a Request for Proposals (“RFP”), seeking
5 submittals from qualified respondents to develop the Sunnydale HOPE SF Master Plan; and

6 WHEREAS, Mercy Housing Corporation, a California nonprofit public benefit
7 corporation (“Mercy”), in collaboration with the Related Company, a California corporation
8 (“Related”), jointly responded to the RFP and were selected to be the developer for the
9 Sunnydale HOPE SF Master Plan; and

10 WHEREAS, Mercy and Related established a separate entity named Sunnydale
11 Development Co., LLC (the “Master Developer”) under which to plan and develop the
12 Sunnydale HOPE SF Master Plan; and

13 WHEREAS, The Sunnydale HOPE SF Master Plan consists of (i) a maximum of 1,770
14 units, of which 775 are replacement units for existing Sunnydale-Velasco households,
15 approximately 200 are additional affordable housing units, and up to 730 units will be for
16 market rate homeownership or rental, (ii) all new streets and utility infrastructure, (iii) 3.6 acres
17 of new open spaces, and (iv) approximately 60,000 square feet of new neighborhood serving
18 spaces; and

19 WHEREAS, By Ordinance No. 18-17, the Board of Supervisors approved a
20 Development Agreement with the Developer relating to the Project Site (the "Development
21 Agreement") under Administrative Code, Chapter 56, which Ordinance is on file with the Clerk
22 of the Board of Supervisors in File No. 161164 and is incorporated herein by reference; and

23 WHEREAS, By Ordinance No. 20-17, the Board of Supervisors made findings under
24 the California Environmental Quality Act (Public Resources Code, Sections 21000 et seq.)
25 and findings of consistency with the General Plan, and the eight priority policies of Planning

1 Code, Section 101.1, which Ordinance is on file with the Clerk of the Board of Supervisors in
2 File No. 161309 and is incorporated herein by reference; and

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

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

12 WHEREAS, The Developer desires to commence the fifth affordable housing
13 development of the Master Plan, which will include construction of approximately 71 public
14 housing replacement units and 23 new affordable rental units in Sunnydale HOPE SF Block 9
15 (the, “Project”); and

16 WHEREAS, The Developer established a separate entity named Sunnydale Block 9
17 Housing Partners, L.P., a California limited partnership (the “Sunnydale Block 9 Developer”) to
18 undertake the Project; and

19 WHEREAS, MOHCD provided Sunnydale Block 9 Developer with loans to commence
20 predevelopment activities for the Project; and

21 WHEREAS, On January 24, 2025, the Citywide Affordable Housing Loan Committee,
22 consisting of MOHCD, Department of Homelessness and Supportive Housing, the Office of
23 Community Investment and Infrastructure, Controller’s Office of Public Finance and SFHA,
24 recommended approval to the Mayor of a loan to the Sunnydale Block 9 Developer for the
25 Project in a total amount not to exceed \$30,200,000; and

1 WHEREAS, To leverage funding sources in order for the Sunnydale Block 9 Developer
2 to construct the Project, MOHCD desires to provide a loan in the amount not to exceed
3 \$30,200,000 to the Sunnydale Block 9 Developer pursuant to an Amended and Restated
4 Loan Agreement (“Agreement”) in substantially the form on file with the Clerk of the Board in
5 File No. 250289, and in such final form as approved by the Director of MOHCD and the City
6 Attorney; and

7 WHEREAS, The material terms of the Agreement also include: (i) a minimum term of
8 57 years; and (ii) will bear interest at 3% per annum; now, therefore, be it

9 RESOLVED, That the Board of Supervisors hereby adopts the findings contained in
10 Ordinance No. 20-17 regarding the California Environmental Quality Act for the Project, and
11 hereby incorporates such findings by reference as though fully set forth in this Resolution;
12 and, be it

13 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project is
14 consistent with the General Plan, and with the eight priority policies of Planning Code, Section
15 101.1 for the same reasons as set forth in Ordinance No. 20-17, and hereby incorporates
16 such findings by reference as though fully set forth in this Resolution; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors hereby approves the
18 Agreement and authorizes the Director of MOHCD or his or her designee to enter into any
19 amendments or modifications to the Agreement (including, without limitation, preparation and
20 attachment or, or changes to, any of all of the exhibits and ancillary agreements) and any
21 other documents or instruments necessary in connection therewith that the Director
22 determines, in consultation with the City Attorney, are in the best interest of the City, do not
23 materially increase the obligations or liabilities for the City or materially diminish the benefits of
24 the City, are necessary or advisable to effectuate the purposes and intent of this Resolution
25 and are in compliance with all applicable laws, including the City Charter; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
2 delegates to the Director of MOHCD and/or the Director of Property, and their designees, the
3 authority to undertake any actions necessary to protect the City’s financial security in the
4 Property and enforce the affordable housing restrictions, which may include, without limitation,
5 acquisition of the Property upon foreclosure and sale at a trustee sale, acceptance of a deed
6 in lieu of foreclosure, or curing the default under a senior loan; and, be it

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

10 FURTHER RESOLVED, That within thirty (30) days of the Agreement being fully
11 executed by all parties, MOHCD shall provide the final Agreement to the Clerk of the Board
12 for inclusion into the official file.

