

1 [Loan Agreement - Mercy Housing California 82, L.P. - 100% Affordable Housing - 6th Street
2 at Avenue C / 78 Johnson Street - Not to Exceed \$33,452,317]

3 **Resolution approving and authorizing the execution of a Loan Agreement with Mercy**
4 **Housing California 82, L.P., a California limited partnership, in an amount not to exceed**
5 **\$33,452,317 for a minimum term of 57 years to finance the construction of a 138-unit**
6 **multifamily rental housing development (plus one staff unit) for low and moderate**
7 **income families located at 6th Street at Avenue C (old address) / 78 Johnson Street**
8 **(new address) (“Treasure Island Parcel C3.1”); and adopting findings that the Loan**
9 **Agreement is consistent with the General Plan, and the priority policies of Planning**
10 **Code, Section 101.1.**

11
12 WHEREAS, The City and County of San Francisco, acting through the Mayor’s Office
13 of Housing and Community Development (“MOHCD”), administers a variety of housing
14 programs that provide financing for the development of new housing and the rehabilitation of
15 single- and multi-family housing for low- and moderate-income households in San Francisco;
16 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, The Treasure Island Development Authority (“TIDA”) acquired real
22 property from the United States Navy at Treasure Island and Yerba Buena Island for the
23 purpose of developing residential and commercial building, including the development of 435
24 units of affordable housing by members of the Treasure Island Homeless Development
25 Initiative (the “Project”); and

1 WHEREAS, A Finding of Suitability was approved on February 15, 2006, and a Final
2 Environmental Impact Report ("EIR") for the Treasure Island/Yerba Buena Island
3 Redevelopment Project was certified on April 21, 2011, by the Board of Supervisors under
4 Resolution 246-11, which Resolution is on file with the Clerk of the Board of Supervisors in
5 File No. 110328, and incorporated herein by this reference; and

6 WHEREAS, Mitigation measures were identified in the Treasure Island and Yerba
7 Buena Island Mitigation Monitoring and Reporting Program for the Project; and

8 WHEREAS, The Planning Commission determined that the Project, and the various
9 actions being taken by the City and TIDA to approve and implement the Project, are
10 consistent with the General Plan, and with the eight priority policies of Planning Code, Section
11 101.1, and made findings in connection therewith (the "General Plan Consistency
12 Determination"), a copy of which is on file with the Clerk of the Board of Supervisors in File
13 No. 110228 and is incorporated into this Resolution by reference; and

14 WHEREAS, The Board of Supervisors adopted findings contained in the General Plan
15 Consistency Determination as its own under Resolution 241-11, and said findings of
16 consistency with the General Plan are on file with the Clerk of the Board of Supervisors in File
17 No. 110228, and incorporated into this Resolution by reference; and

18 WHEREAS, TIDA and Treasure Island Community Development, LLC, entered into
19 that certain Disposition and Development Agreement dated June 28, 2011 (the "DDA"), and
20 pursuant to the Housing Plan (Exhibit E) of the DDA, TIDA is committed to the development of
21 affordable housing; and

22 WHEREAS, TIDA is the fee owner of Assessor's Parcel C3.1, San Francisco, also
23 known by its street address as "6th Street at Avenue C" (the "Property"), a land parcel with
24 approximately 49,497 square feet area; and
25

1 WHEREAS, Catholic Charities, Inc., a California nonprofit public benefit corporation,
2 and a member of One Treasure Island, formerly named Treasure Island Homeless
3 Development Initiative, selected Mercy Housing Calwest, a California nonprofit public benefit
4 corporation ("Mercy") with approval by TIDA pursuant to the DDA to develop and construct a
5 138-unit multifamily rental housing development (plus 1 staff unit) for low and moderate
6 income families on the Property (the "Treasure Island Parcel C3.1 Project"); and

7 WHEREAS, Mercy established a separate entity named Mercy Housing California 82,
8 L.P., a California limited partnership ("Sponsor") under which to lease the Treasure Island
9 Parcel C3.1 Property from TIDA and develop the Treasure Island Parcel C3.1 Project; and

10 WHEREAS, On November 14, 2018, TIDA and Mercy Housing California 82, L.P.
11 entered into an Option to Lease Agreement for the purpose of development and construction
12 of the Mercy Housing California 82 Project; and

13 WHEREAS, On March 18, 2022, the Citywide Affordable Housing Loan Committee,
14 consisting of MOHCD, Department of Homeless and Supportive Housing, Office of
15 Community Investment and Infrastructure, and the Controller's Office of Public Finance,
16 recommended approval to the Mayor of a loan for the Treasure Island Parcel C3.1 Project in
17 an amount not to exceed \$33,452,317; and

18 WHEREAS, To leverage financing from the State of California's Department of Housing
19 and Development's ("HCD") California Housing Accelerator program ("Accelerator"), which fills
20 funding gaps in shovel-ready projects that have received funding under other HCD programs
21 and have been unable to access low income housing tax credits, and other funding sources in
22 order for Sponsor to construct the Treasure Island Parcel C3.1 Project, MOHCD desires to
23 provide a loan in the amount not to exceed \$33,452,317 to the Sponsor pursuant to a Second
24 Amended and Restated Loan Agreement ("Agreement") in substantially the form on file with
25

1 the Clerk of the Board of Supervisors in File No. 220347, and in such final form as approved
2 by the Director of MOHCD and the City Attorney; and

3 WHEREAS, The material terms of the Agreement include: (i) a minimum term of 57
4 years; (ii) an interest rate of up to three percent (3%); (iii) annual repayment of the loan
5 through residual receipts from the Treasure Island Parcel C3.1 Project; (iv) the Treasure
6 Island Parcel C3.1 Property shall be restricted for the life of the Project as affordable housing
7 to low- and moderate-income families with annual maximum rent and income established by
8 MOHCD; and (v) the loan shall be secured by a deed of trust recorded against the Sponsor's
9 leasehold interest in the Treasure Island Parcel C3.1 Property; now, therefore, be it

10 RESOLVED, That the Board of Supervisors hereby finds that the Treasure Island
11 Parcel C3.1 Project is consistent with the General Plan, and with the eight priority policies of
12 Planning Code, Section 101.1 for the same reasons as set forth in the General Plan
13 Consistency Determination; and, be it

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

23 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
24 delegates to the Mayor and Director of MOHCD, and his designee, the authority to undertake
25 any actions necessary to protect the City's financial security in the Treasure Island Parcel

1 C3.1 Property and enforce the affordable housing restrictions, which may include, curing the
2 default under a senior loan; and, be it

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

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

1 RECOMMENDED:

2
3 /s/
4 Eric D. Shaw, Director
5 Mayor's Office of Housing and Community Development
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25