

1 [Loan Agreement - 1234 Great Highway LLC - 100% Affordable Housing at 1234 Great
2 Highway - Not to Exceed \$24,000,000]

3 **Resolution approving and authorizing the Mayor and the Director of the Mayor’s Office**
4 **of Housing and Community Development to execute loan documents relating to a loan**
5 **to provide financing for the acquisition of real property located at 1234, 1270, and 1280**
6 **Great Highway (the “Property”), and predevelopment activities for a 100% affordable**
7 **multifamily rental building for seniors, in an aggregate amount not to exceed**
8 **\$24,000,000; approving the form of the loan agreement and ancillary documents;**
9 **ratifying and approving any action heretofore taken in connection with the property;**
10 **granting general authority to City officials to take actions necessary to implement this**
11 **Resolution; and finding that the loan is consistent the City’s General Plan and the**
12 **priority policies of Planning Code Section 101.1.**

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

19 WHEREAS, MOHCD enters into loan agreements with affordable housing developers
20 for the purpose of acquiring and developing 100% affordable housing within the City; and

21 WHEREAS, MOHCD published a Notice of Funding Availability for acquisition and
22 predevelopment financing on January 27, 2023 for Site Acquisition and Predevelopment
23 Financing for New Affordable Rental Housing (“NOFA”); and

24 WHEREAS, Tenderloin Neighborhood Development Corporation, a California nonprofit
25 public benefit corporation (“TNDC”), and Self Help for the Elderly, a California nonprofit public

1 benefit corporation (“SHE”), were selected as joint developers for an acquisition and
2 predevelopment loan under the NOFA, and TNDC established 1234 Great Highway LLC, a
3 California limited liability company (the “Borrower”) as an affiliate to acquire the real property
4 located at 1234, 1270, and 1280 Great Highway, San Francisco (the “Property”) and conduct
5 predevelopment activities in furtherance of the development and construction of affordable
6 housing on the Property; and

7 WHEREAS, The Borrower acquired the Property in order to develop and construct a
8 100% affordable, multifamily rental housing project for extremely-low, very-low, low-, and
9 moderate-income senior households with studio, 1-bedroom, and 2-bedroom units, and
10 ancillary space for residential property staff offices and social services support, and a
11 community-serving commercial space, to be commonly known as 1234 Great Highway Senior
12 (the “Project”); and

13 WHEREAS, On October 13, 2023, the Citywide Affordable Housing Loan Committee
14 recommended approval to the Mayor of a loan in an amount not to exceed \$24,000,000 (the
15 “Loan”), consisting of \$23,348,500 for acquisition and \$651,500 for predevelopment activities,
16 to finance Borrower’s acquisition of the Property and predevelopment activities associated
17 with the development of the Project, respectively; and

18 WHEREAS, MOHCD desires to provide the Loan to the Borrower pursuant to a Loan
19 Agreement, a Secured Promissory Note (Acquisition) (“Acquisition Note”), a Secured
20 Promissory Note (Predevelopment) (“Predevelopment Note”), Declaration of Restrictions and
21 Affordable Housing Covenants, and a Deed of Trust (collectively, “Loan Documents”), in
22 substantially the forms on file with the Clerk of the Board in File No. 231198, and in such final
23 form as approved by the Director of MOHCD and the City Attorney; and

24 WHEREAS, The material terms of the Loan Documents include the following: (i) under
25 the Predevelopment Note, a term of 57 years, an interest rate of three percent (3%), and

1 annual repayment through residual receipts after completion of the Project; (ii) under the
2 Acquisition Note, a term of 5 years, no interest rate, and repayment in full or through a
3 transfer of the Property to the City; (iii) the Property will be restricted for life of the project as
4 100% affordable housing to lower- and moderate-income senior households with annual
5 maximum rent and income established by MOHCD; (iv) the loan will be secured by a deed of
6 trust recorded against the Property; and (v) if the Property cannot be developed within the
7 time period required by MOHCD's loan agreement, the City can require the Property to be
8 transferred to another nonprofit organization or conveyed to the City, and the Loan will be
9 deemed repaid in full; and

10 WHEREAS, The Borrower intends to convey the Property to the City as repayment of
11 the Secured Promissory Note (Acquisition), and the City intends to ground lease the Property
12 back to Borrower for construction of the Project, subject to approval by the Board of
13 Supervisors; and

14 WHEREAS, The Planning Department, through the General Plan Referral letter dated
15 November 7, 2023, found that the Project would be eligible for ministerial approval under
16 California Government Code, Section 65913.4 (Senate Bills 35 and 765), California Public
17 Resources Code, Section 21080, and the CEQA Guidelines, Sections 15002(i)(1), 15268 and
18 15369, would therefore not be subject to the California Environmental Quality Act ("CEQA",
19 Pub. Resources Code Section 21000 et seq.), and is consistent with the General Plan, and
20 the eight priority policies of Planning Code, Section 101.1; which letter is on file with the Clerk
21 of the Board of Supervisors in File No. 231198, and incorporated herein by this referencnow,
22 therefore, be

23 it

24 RESOLVED, This Board affirms the Planning Department's determination that the
25 proposed Project and Loan is not subject to CEQA and is consistent, on balance, with the

1 General Plan and with Planning Code Section 101.1 for the reasons set forth in the Director of
2 Planning's letter; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
4 Documents, and authorizes the Mayor and the Director of MOHCD or the Director's designee
5 to enter into the Loan Documents, including, without limitation, modifications of the Loan
6 Documents, and preparation and attachment of, or changes to, any of all of the exhibits and
7 ancillary agreements, and any other documents or instruments necessary in connection
8 therewith, that the Director determines, in consultation with the City Attorney, are in the best
9 interest of the City, do not materially increase the obligations or liabilities for the City or
10 materially diminish the benefits of the City, or are necessary or advisable to effectuate the
11 purposes and intent of this Resolution and are in compliance with all applicable laws,
12 including the City Charter; and, be it

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

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

22 FURTHER RESOLVED, That within thirty (30) days of the Loan Documents being fully
23 executed by all parties, MOHCD shall provide the Loan Agreement to the Clerk of the Board
24 for inclusion into the official file.

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RECOMMENDED:

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/s/
Eric D. Shaw, Director
Mayor's Office of Housing and Community Development