

1 [Loan Agreement - 1303 Larkin Street, L.P. - 1303 Larkin Street - 100% Affordable Housing -
2 Not to Exceed \$18,502,271]

3 **Resolution approving and authorizing the Director of the Mayor's Office of Housing and**
4 **Community Development ("MOHCD") to execute documents relating to a loan with**
5 **1303 Larkin Street, L.P., a California limited partnership, for an aggregate loan amount**
6 **not to exceed \$18,502,271 to finance the acquisition, rehabilitation, and permanent**
7 **financing of a 100% affordable, 68-unit multifamily rental housing development for low-**
8 **income households located at 1303 Larkin Street (the "Project"); adopting findings that**
9 **the Project and proposed transactions are consistent with the General Plan, and the**
10 **eight priority policies of Planning Code, Section 101.1; affirming the Planning**
11 **Department's determination under the California Environmental Quality Act;**
12 **authorizing the Director of MOHCD or their designee to execute the loan documents for**
13 **the Project and make certain modifications to such loan documents, as defined herein,**
14 **and take certain actions in furtherance of this Resolution, as defined herein.**

15
16 WHEREAS, The City and County of San Francisco, acting through the Mayor's Office
17 of Housing and Community Development ("MOHCD"), administers a variety of housing
18 programs that provide financing for the development of new housing and the rehabilitation of
19 single- and multi-family housing for low- and moderate-income households in San Francisco;
20 and

21 WHEREAS, The funding for these loans and grants comes from a variety of sources,
22 all of which are restricted to affordable housing and are subject to various housing program
23 restrictions; 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, Among its programs, MOHCD administers the Preservation and Seismic
4 Safety Program ("PASS Program") under Administrative Code, Chapter 66, which plays a
5 critical role in advancing the City's anti-eviction and preservation strategies by providing low-
6 cost and long-term financing for the acquisition, rehabilitation, and preservation of multi-family
7 housing as well as seismic retrofits not currently available on the conventional loan market;
8 and

9 WHEREAS, MOHCD issued a Notice of Funding Availability for Existing Nonprofit
10 Owned Rental Housing Capital Repairs ("NOFA") on February 17, 2023, to solicit qualified
11 affordable housing developers for capital improvements and repairs in existing affordable
12 housing units serving low-income households, including homeless households; in response to
13 the NOFA, MOHCD selected Chinatown Community Development Center, a California
14 nonprofit public benefit corporation ("CCDC"), to rehabilitate the existing affordable housing
15 development at 1303 Larkin Street; in response, CCDC formed 1303 Larkin Street L.P., a
16 California limited partnership ("Borrower"), for the purpose of undertaking the activities
17 described in the NOFA; and

18 WHEREAS, Borrower seeks to acquire and rehabilitate the 100% affordable,
19 multifamily residential rental development located at 1303 Larkin Street, which will include the
20 substantial rehabilitation of the existing 63-unit multifamily rental housing development
21 (including one manager's unit), conversion of 41 of the existing SRO units into studio and one-
22 bedroom units, and addition of 5 affordable rental units to the Project for a total of 68 rental
23 units for low-income households (the "Project"); and

24 WHEREAS, The Project requires extensive rehabilitation consisting of replacement of
25 major building systems including the exterior and electrical systems; and

1 WHEREAS, The City previously provided loans in the total principal amount of
2 \$5,294,853 (“Original Loans”) to Larkin Pine Limited Partnership, a California limited
3 partnership (“Original Borrower”), which is an affiliate of CCDC. Original Borrower intends to
4 assign to Borrower, and Borrower intends to assume, all of Original Borrower’s rights and
5 duties with respect to the Original Loans for the purpose of rehabilitation and permanent
6 financing of the Project; and

7 WHEREAS, The Borrower has requested, and MOHCD desires to consent to, the
8 consolidation of the Original Loans for the Project, including rolling some of the accrued
9 interest into the principal amount of the Original Loans; and

10 WHEREAS, The Borrower has requested, and MOHCD desires to loan, up to
11 \$11,903,000 in additional funds pursuant to the NOFA and the PASS Program for the Project
12 (“PASS Loan”); and

13 WHEREAS, On May 16, 2025, the Citywide Affordable Housing Loan Committee,
14 consisting of representatives of MOHCD, the Department of Homelessness and Supportive
15 Housing, the Office of Community Investment and Infrastructure, and the Controller’s Office of
16 Public Finance recommended approval to the Mayor of the acquisition, rehabilitation, and
17 permanent financing loan for the Project in a total amount not to exceed \$18,502,271.

18 WHEREAS, The form of loan documents (collectively, the “Loan Documents”)
19 evidencing and securing the loan for the Project are on file with the Clerk of the Board in File
20 No. _____, and include: Amended and Restated Declarations of Restrictions; an
21 Amended and Restated Loan Agreement; one or more promissory notes; and one or more
22 leasehold deeds of trust; and

23 WHEREAS, the Amended and Restated Declarations of Restrictions will restrict the
24 Project as affordable housing to low-income households with annual maximum rent and
25

1 income established by MOHCD for as long as the Project or any modification of the Project
2 remains in existence; and

3 WHEREAS, The Amended and Restated Declaration of Restrictions for the Project will
4 not be subordinated to any third party financing instrument; and

5 WHEREAS, The Amended and Restated Loan Agreement would be entered into under
6 the following material terms: (i) a minimum term of 57 years from the date of recordation of the
7 deed of trust for the Original Loans and 44 years from the date of recordation of the deed of
8 trust for the PASS Loan; (ii) simple interest at a rate of 0% and simple interest at a rate of at
9 least three percent, but no more than the long-term applicable federal rate as of the
10 Agreement Date for the Original Loans, as provided in the corresponding promissory notes,
11 and compounding interest at rates of 6.61023%, 3.87289%, 1.87008%, and 0.95763% for the
12 PASS Loan, as provided in the corresponding promissory notes; (iii) annual repayment of the
13 Original Loans through residual receipts from the Project and hard debt service payments for
14 the PASS Loan; (iv) the Project shall be restricted for the life of the Project as affordable
15 housing to low-income households with annual maximum rent and income established by
16 MOHCD; (v) the loan shall be secured by one or more deeds of trust recorded against the
17 Borrower's leasehold interest in the Project; and

18 WHEREAS, The Planning Department, by letter dated February 28, 2025 ("Planning
19 Letter"), has determined that the proposed Project is exempt from the California
20 Environmental Quality Act, ("CEQA") as a Class 1 under CEQA Guidelines, Section 15301
21 and is consistent, on balance, with the General Plan, and the eight priority policies of Planning
22 Code, Section 101.1, which Planning Letter is on file with the Clerk of the Board of
23 Supervisors in File No. _____, and incorporated herein by this reference; now, therefore,
24 be it

1 RESOLVED, That the Board of Supervisors hereby affirms the Planning Department's
2 determination under CEQA and finds that the Project is consistent, on balance, with the
3 General Plan, and the eight priority policies of Planning Code, Section 101.1 for the reasons
4 set forth in the Planning Letter; and, be it

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

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

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

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

RECOMMENDED:

/s/
Daniel Adams, Director
Mayor's Office of Housing and Community Development