

1 [Loan and Grant Agreement - 1035Vets LLC - 1035 Van Ness Avenue - 100% Affordable
2 Veterans Permanent Supportive Housing - Not to Exceed \$11,000,000]

3 **Resolution approving and authorizing a Loan and Grant Agreement in an amount not to**
4 **exceed \$11,000,000 consisting of a loan in the amount of \$8,000,000 for a minimum**
5 **term of 55 years and a grant in the amount of \$3,000,000 with 1035Vets LLC for the**
6 **purpose of rehabilitating real property located at 1035 Van Ness Avenue (“1035 Van**
7 **Ness”) into 124 units of permanent supportive housing for veterans exiting**
8 **homelessness under the Homekey+ Program administered by the California**
9 **Department of Housing and Community Development (the “Project”); adopting findings**
10 **that the Project and proposed transactions are consistent with the General Plan, and**
11 **the eight priority policies of Planning Code, Section 101.1; authorizing the Mayor and**
12 **the Director of Mayor’s Office of Housing and Community Development (“MOHCD”) to**
13 **execute the Loan and Grant Agreement, and make certain modifications to such**
14 **agreements, as defined herein, and take certain actions in furtherance of this**
15 **Resolution, as defined herein; and authorizing the Director of MOHCD to enter into any**
16 **additions, amendments, or other modifications to the Loan and Grant Agreement that**
17 **do not materially increase the obligations or liabilities to the City and are necessary to**
18 **effectuate the purposes of this Resolution.**

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20 WHEREAS, The City, acting through MOHCD, administers a variety of housing
21 programs that provide financing for the development of new affordable housing and the
22 rehabilitation of single- and multi-family housing for low- and moderate-income households
23 and resources for homeowners in San Francisco; 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, Permanent supportive housing (“PSH”) is the most effective evidence-
4 based solution to ending chronic homelessness and also prevents new incidents of
5 homelessness among highly vulnerable people with long experiences of homelessness; and

6 WHEREAS, Proposition C (2018) Gross Receipts Tax for Homelessness Services
7 (“Prop C”), passed by San Francisco voters in November 2018, created the Homelessness
8 Gross Receipts Tax to fund the Our City, Our Home (“OCOH”) Fund, in order to expand and
9 be complementary to existing funding and strategic efforts to prevent and end homelessness
10 for San Francisco residents; and

11 WHEREAS, By Resolution No. 234-21, adopted by the Board of Supervisors, on
12 May 18, 2021, and approved by the Mayor on May 28, 2021 (“Authorizing Resolution”), the
13 City was authorized to issue its General Obligation Bonds (Health and Recovery, 2020) in one
14 or more series or subseries on a tax-exempt or taxable basis (collectively, the “Bonds”) in the
15 not-to-exceed amount of \$487,500,000; and

16 WHEREAS, The City has previously issued its General Obligation Bonds (Health and
17 Recovery, 2020), Series 2023A in the initial aggregate principal amount of \$28,785,000; and

18 WHEREAS, It is necessary and desirable to deliver an additional issue of the Bonds in
19 one or more subseries on a tax-exempt or taxable basis, in an aggregate principal amount not
20 to exceed \$150,000,000 (collectively, “Series 2025G Bonds”), to finance a portion of the costs
21 of the Project; and

22 WHEREAS, Swords to Plowshares: Veterans Rights Organization, a California
23 nonprofit benefit corporation (“Swords to Plowshares”), has been providing direct services
24 to veterans experiencing homelessness in the Bay Area since 1974; and

1 WHEREAS, Swords to Plowshares formed 1035Vets LLC, a California limited liability
2 company (“1035Vets LLC”), which owns real property located at 1035 Van Ness Avenue,
3 Assessor’s Parcel Number Block No. 0714, Lot No. 028, with improvements consisting of a
4 nine-story vacant building (the “Property”); and

5 WHEREAS, 1035Vets LLC intends to rehabilitate the Property to provide a total of
6 124 units of permanent supportive housing for veterans exiting homelessness, along with
7 associated supportive services space and 24-hour front desk service for residents (the
8 “Project”); and

9 WHEREAS, In an award letter dated September 19, 2025, the California Department of
10 Housing and Community Development (“HCD”) approved a grant award in the amount of
11 \$39,044,030 under the Homekey+ Program (“Award Letter”), consisting of a \$29,800,000 for
12 acquisition and predevelopment costs, \$3,000,000 for rehabilitation, and \$6,244,030 to
13 support operations of the Project, subject to the terms and conditions established by HCD and
14 the form of HCD-approved STD213, Standard Agreement (“Standard Agreement”); copies of
15 the award letter, project report and HCD Standard Agreement are on file with the Clerk in File
16 No. 251108; and

17 WHEREAS, The Planning Department, by letter dated June 11, 2025, (“Planning
18 Letter”) has determined that the rehabilitation of the Property is eligible for ministerial project
19 approval, and is consistent, on balance, with the General Plan, and the eight priority policies
20 of Planning Code, Section 101.1 (“General Plan Findings”), and a copy of which is on file with
21 the Clerk in File No. 251147; and

22 WHEREAS, On November 7, 2025, the Citywide Affordable Housing Loan Committee,
23 consisting of MOHCD, HSH, the Office of Community Investment and Infrastructure, and the
24 Controller’s Office of Public Finance recommended to the Mayor that the City provide
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1 rehabilitation and permanent financing of the Project in an amount not to exceed \$11,000,000;
2 and

3 WHEREAS, The City, through MOHCD, will execute a Loan and Grant Agreement in
4 an amount not to exceed \$11,000,000 (“Loan and Grant Agreement”) consisting of a grant in
5 the amount of \$3,000,000 (“Grant”) and a loan of up to \$8,000,000 (“Loan”), evidenced by a
6 promissory note, with the following material terms: (i) a minimum term of 55 years to repay the
7 Loan; (ii) Loan will not accrue interest; (iii) annual repayment of the Loan by Borrower through
8 residual receipts, if any, from the Project; (iv) the Project shall be restricted for life of the
9 Project as affordable housing to formerly homeless or low-income veterans households with
10 annual maximum rent and income established by MOHCD, and in accordance with
11 Homekey+ regulations, but no less than 55 years as PSH; (v) the Loan and Grant Agreement
12 shall be secured by a deed of trust recorded against the Borrower’s fee interest in the
13 Property; and (vi) repayment of the Grant in the event of any default under the Loan and
14 Grant Agreement; a copy of the substantially final forms of the Loan and Grant Agreement,
15 promissory note, deed of trust, and declaration of restrictions is on file with the Clerk of the
16 Board of Supervisors in File No. 251147, and is incorporated herein by reference; and

17 WHEREAS, As a condition of the Loan and Grant Agreement, the Borrower will enter
18 into a purchase option agreement providing the City with an option and right of first refusal to
19 acquire the Property upon any proposed transfer of the Property and/or other certain events,
20 substantially in the form on file with Clerk of the Board of Supervisors in File No. 251147; now,
21 therefore, be it

22 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
23 associated actions necessary to effectuate the Project) is consistent with the General Plan,
24 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
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1 set forth in the Planning Letter, and hereby incorporates such findings by reference as though
2 fully set forth in this Resolution; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan and
4 Grant Agreement and the transaction contemplated thereby in substantially the form
5 presented to the Board, and authorizes the Mayor and the Director of MOHCD, to execute
6 and deliver the Loan and Grant Agreement and any such other documents that are necessary
7 or advisable to complete the transaction contemplated by the Loan and Grant Agreement and
8 to effectuate the purpose and intent of this Resolution; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
10 MOHCD, in consultation with the City Attorney, to enter into any additions, amendments, or
11 other modifications to the Loan and Grant Agreement, and any other documents or
12 instruments necessary in connection therewith (including, without limitation, a purchase option
13 and any of all of the exhibits and ancillary agreements), that the Director of MOHCD
14 determine are in the best interests of the City, do not materially decrease the benefits to the
15 City with respect to the Property, do not materially increase the obligations or liabilities of the
16 City, and are necessary or advisable to complete the transaction contemplated in the Loan
17 and Agreement, and that effectuate the purpose and intent of this Resolution, such
18 determination to be conclusively evidenced by the execution and delivery by the Director of
19 MOHCD of any such additions, amendments, or other modifications; and, be it

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

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

4 FURTHER RESOLVED, That within thirty (30) days of the Loan and Grant Agreement
5 and purchase option being fully executed by all parties, MOHCD shall provide each final
6 agreement to the Clerk of the Board for inclusion into the official file.

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