

1 [Loan Agreements - MidPen Housing Corporation - 100% Affordable Rental Housing for  
2 SFUSD Educators and Employees - Total Loans Not to Exceed \$48,200,000]

3 **Resolution 1) approving and authorizing a Loan Agreement in an amount not to exceed**  
4 **\$2,656,208 for a minimum loan term of 57 years (“Low Income Loan Agreement”) to**  
5 **finance the development and construction of a project located at 1360-43rd Avenue in**  
6 **San Francisco (“Property”) with the MP Francis Scott Key 2 Associates, L.P. in order to**  
7 **construct a 100% affordable, 35-unit multifamily rental housing development affordable**  
8 **to low-income households with priority to educators and employees of the San**  
9 **Francisco United School District (SFUSD); 2) approving and authorizing an Amended**  
10 **and Restated Loan Agreement in an amount not to exceed \$45,543,792 for a minimum**  
11 **loan term of 57 years (“Moderate Income Loan Agreement”) to finance the development**  
12 **and construction of a project located at the Property with MP Francis Scott Key 1, LLC.**  
13 **in order to construct a 100% affordable, 100-unit multifamily rental housing**  
14 **development affordable to moderate-income households with priority to educators and**  
15 **employees of the San Francisco United School District, and space for community-**  
16 **serving purposes; 3) adopting findings that the Project and proposed transactions are**  
17 **consistent with the General Plan, and the eight priority policies of Planning Code,**  
18 **Section 101.1; and 4) authorizing Mayor and the Director of MOHCD to execute the Low**  
19 **Income Loan Agreement and Moderate Income Loan Agreement, and make certain**  
20 **modifications to such agreements, as defined herein, and take certain actions in**  
21 **furtherance of this Resolution, as defined herein.**

22  
23 WHEREAS, The City, acting through MOHCD, administers a variety of housing  
24 programs that provide financing for the development of new affordable multi-family housing  
25 for low-income households in San Francisco; and

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

5           WHEREAS, The San Francisco United School District (“District”) owns that certain  
6 property located 1360 43rd Avenue in San Francisco (the “Property”) and is authorized under  
7 state law to use the Property for affordable housing for the District’s educators and  
8 employees; and

9           WHEREAS, The Board of Supervisors adopted Resolution No. 238-17 that found and  
10 and declared that it is a necessary and important public purpose to provide affordable housing  
11 to the District’s educators, found and declared that a restriction for affordable housing for  
12 District educators unable to afford market rents is necessary to achieve the important public  
13 purpose of increasing opportunities for such persons to continue to live in the City, reduce  
14 turnover of District educators, and support the educational success and stability of each  
15 school in the District and the children in the City, and urged the MOHCD to develop a pilot  
16 program to create affordable rental housing for educators of the District; and

17           WHEREAS, On October 3, 2017, MOHCD issued a Request for Proposals (“RFP”) with  
18 the District for a housing developer to work with the City to construct on the Property a  
19 residential building consisting of 35 units (including one manager’s unit) of low-income  
20 affordable rental housing units (“Low Income Project”) and 100 units of moderate-income  
21 affordable rental housing units, as well as community serving space for residents of the  
22 building and neighborhood residents (“Moderate Income Project”) , with priority given to the  
23 District’s educators and employees (all of the foregoing, collectively, the “Project”); and

24           WHEREAS, The Low-Income Project will consist of 8 units restricted at 40% of median  
25 income (“AMI”), 12 units at 50% of AMI, and 14 units restricted at 60% of AMI, plus one

1 resident manager unit, and the Moderate Income Project will consist of 33 units restricted at  
2 80% of AMI, 34 units at 100% of AMI, and 33 units restricted at 120% of AMI; and

3 WHEREAS, MidPen Housing Corporation, a California nonprofit public benefit  
4 corporation (“MIDPEN”) responded to the RFP and was selected as the developer to  
5 undertake the development and construction of the Project for the District’s educators and  
6 other employees; and

7 WHEREAS, MIDPEN has established MP Francis Scott Key 2 Associates, L.P.,  
8 a California limited partnership (the “Low Income Developer”), as a separate entity  
9 under which to develop and construct the Low-Income Project, and MP Francis Scott  
10 Key 1, LLC, a California limited liability company (the “Moderate Income Developer,”  
11 and together with the Low Income Developer, the “Developers”), as a separate entity  
12 under which to develop and construct the Moderate Income Project; and

13 WHEREAS, On May 21, 2020, by Notice of Final Approval of an SB 35 Project,  
14 the Planning Department by case No. 2018-015768PRJ determined that the  
15 development of the Project met all the standards of the Planning Code and would be  
16 eligible for ministerial approval under California Government Code, Section 65913.4  
17 (Senate Bills 35 and 765), California Public Resources Code, Section 21080, and the  
18 CEQA Guidelines, Sections 15002(i)(1), 15268 and 15369, and would therefore not be  
19 subject to the California Environmental Quality Act (“CEQA”); and

20 WHEREAS, The Planning Department determined that the Project is consistent with  
21 the General Plan, and eight priority policies of Planning Code, Section 101.1 (the “General  
22 Plan Referral”); a copy of the Planning Department’s General Plan Referral is on file with the  
23 Clerk of the Board of Supervisors in File No. 220767, and is incorporated herein by reference;  
24 and



1           WHEREAS, MOHCD is providing the Developers with new financial assistance to  
2 leverage other funding sources in order for the Developers to construct the Project; and

3           WHEREAS, On April 15, 2022, the Citywide Affordable Housing Loan Committee,  
4 consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of  
5 Community Investment and Infrastructure, and the Controller's Office of Public Finance  
6 recommended approval to the Mayor of a loan for the Low Income Project in an amount not to  
7 exceed \$2,656,000 in local funds ("Low Income Loan") and loan for the Moderate Income  
8 Project in an amount not to exceed \$45,543,792 in local funds ("Moderate Income Loan"), for  
9 an aggregate funding amount not to exceed \$48,199,792 for the Project, a copy of which is on  
10 file with the Clerk of the Board of Supervisors in File No. 220767, and is incorporated herein  
11 by reference; and

12           WHEREAS, The City, through MOHCD, will make the Low Income Loan to the Low  
13 Income Developer under a Loan Agreement ("Low Income Loan Agreement") and evidenced  
14 by a promissory note with the following material terms: (i) a minimum term of 57 years; (ii) an  
15 interest rate of up to three percent (3%); (iii) annual repayment of the Low Income Loan by  
16 Low Income Developer through residual receipts from the Low Income Project; (iv) the Low  
17 Income Project shall be restricted for life of the Project as affordable housing to low-income  
18 households with annual maximum rent and income established by MOHCD; and (v) the Low  
19 Income Loan Agreement shall be secured by a deed of trust recorded against the Low Income  
20 Developer's leasehold interest in the Property; a copy of the substantially final forms of the  
21 Low Income Loan Agreement, promissory note, deed of trust, and declaration of restrictions is  
22 on file with the Clerk of the Board of Supervisors in File No. 220767, and is incorporated  
23 herein by reference; and

24           WHEREAS, The City, through MOHCD, will make the Moderate Income Loan to the  
25 Moderate Income Developer under an Amended and Restated Loan Agreement ("Moderate

1 Income Loan Agreement”) and evidenced by a promissory note with the following material  
2 terms: (i) a minimum term of 57 years; (ii) an interest rate of up to three percent (3%); (iii)  
3 annual repayment of the Moderate Income Loan by the Moderate Income Developer through  
4 residual receipts from the Moderate Income Project; (iv) the Moderate Income Project shall be  
5 restricted for life of the Project as affordable housing to moderate-income households with  
6 annual maximum rent and income established by MOHCD; and (v) the Moderate Income  
7 Loan Agreement shall be secured by a deed of trust recorded against the Moderate Income  
8 Developer’s leasehold interest in the Property; a copy of the substantially final forms of the  
9 Moderate Income Loan Agreement, promissory note, deed of trust, and declaration of  
10 restrictions is on file with the Clerk of the Board of Supervisors in File No. 220767, and is  
11 incorporated herein by reference; now, therefore, be it

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

17           FURTHER RESOLVED, That the Board of Supervisors hereby approves the Low-  
18 Income Loan Agreement and the transaction contemplated thereby in substantially the form  
19 presented to the Board, and authorizes the Mayor and the Director of MOHCD, to execute  
20 and deliver the Low Income Loan Agreement and any such other documents that are  
21 necessary or advisable to complete the transaction contemplated by the Low Income Loan  
22 Agreement and to effectuate the purpose and intent of this Resolution; and, be it

23           FURTHER RESOLVED, That the Board of Supervisors hereby approves the Moderate  
24 Income Loan Agreement and the transaction contemplated thereby in substantially the form  
25 presented to the Board, and authorizes the Mayor and the Director of MOHCD, to execute

1 and deliver the Moderate Income Loan Agreement and any such other documents that are  
2 necessary or advisable to complete the transaction contemplated by the Low Income Loan  
3 Agreement and to effectuate the purpose and intent of this Resolution; and, be it

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

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

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







# City and County of San Francisco

## Tails Resolution

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 220767

**Date Passed:** July 19, 2022

Resolution 1) approving and authorizing a Loan Agreement in an amount not to exceed \$2,656,208 for a minimum loan term of 57 years ("Low Income Loan Agreement") to finance the development and construction of a project located at 1360-43rd Avenue in San Francisco ("Property") with the MP Francis Scott Key 2 Associates, L.P. in order to construct a 100% affordable, 35-unit multifamily rental housing development affordable to low-income households with priority to educators and employees of the San Francisco United School District (SFUSD); 2) approving and authorizing an Amended and Restated Loan Agreement in an amount not to exceed \$45,543,792 for a minimum loan term of 57 years ("Moderate Income Loan Agreement") to finance the development and construction of a project located at the Property with MP Francis Scott Key 1, LLC. in order to construct a 100% affordable, 100-unit multifamily rental housing development affordable to moderate-income households with priority to educators and employees of the San Francisco United School District, and space for community-serving purposes; 3) adopting findings that the Project and proposed transactions are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and 4) authorizing Mayor and the Director of MOHCD to execute the Low Income Loan Agreement and Moderate Income Loan Agreement, and make certain modifications to such agreements, as defined herein, and take certain actions in furtherance of this Resolution, as defined herein.

July 13, 2022 Budget and Finance Committee - RECOMMENDED

July 19, 2022 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton



File No. 220767

I hereby certify that the foregoing Resolution was ADOPTED on 7/19/2022 by the Board of Supervisors of the City and County of San Francisco.

  
\_\_\_\_\_  
Angela Calvillo  
Clerk of the Board

  
\_\_\_\_\_  
London N. Breed  
Mayor

7/28/22  
\_\_\_\_\_  
Date Approved