

1 [Loan Agreement - 1005 Powell Street - Chinatown SROS, LLC - Small Sites Program - Not to
2 Exceed \$20,900,000]

3 **Resolution approving and authorizing the Director of the Mayor’s Office of Housing and**
4 **Community Development (“MOHCD”) to execute loan documents for the permanent**
5 **financing of 1005 Powell Street pursuant to the Small Sites Program, for a total loan**
6 **amount not to exceed \$20,900,000; confirming the Planning Department’s**
7 **determination under the California Environmental Quality Act; finding that the loan is**
8 **consistent with the General Plan, and the eight priority policies of Planning Code,**
9 **Section 101.1; and authorizing the Director of MOHCD or their designee to make certain**
10 **modifications to the loan documents and take certain actions in furtherance of this**
11 **Resolution, as defined herein.**

12
13 WHEREAS, The City and County of San Francisco, through the Mayor’s Office of
14 Housing and Community Development (“MOHCD”), is a leader in the creation and
15 preservation of affordable housing, offering a variety of loan and grant programs to
16 community-based organizations and housing developers to create and maintain affordable
17 housing and provide essential community and supportive services; and

18 WHEREAS, The funding for these loans and grants comes from a variety of sources,
19 all of which are restricted to affordable housing and are subject to various housing program
20 restrictions; and

21 WHEREAS, Among its programs, MOHCD administers the Small Sites Program (or
22 “SSP”) for the purpose of preserving and stabilizing San Francisco’s existing rental housing
23 stock of buildings, and converting those properties to permanently affordable housing. The
24 Small Sites Program provides low-cost and long-term financing for the acquisition,
25

1 rehabilitation, and preservation of multi-family housing, and plays a critical role in advancing
2 the City’s anti-eviction and preservation strategies; and

3 WHEREAS, Chinatown SROs, LLC, a California limited liability company (“Borrower”)
4 owns property with a 64 unit single room occupancy (“SRO”) building with two commercial
5 units, at 1005 Powell Street in San Francisco’s Chinatown neighborhood (the “Project”).

6 WHEREAS, The Borrower has requested, and MOHCD desires to loan, up to
7 \$20,900,000 in SSP funds to the Project through the Housing Stability Fund, Academy of Art
8 University Settlement funds, and the general fund, which will provide 64 SRO units of
9 permanently affordable housing and two commercial units; and

10 WHEREAS, On March 15, 2024, the Citywide Affordable Housing Loan Committee,
11 consisting of representatives of MOHCD, the Department of Homelessness and Supportive
12 Housing, the Office of Community Investment and Infrastructure, and the Controller’s Office of
13 Public Finance recommended approval to the Mayor of a permanent loan for the Project in an
14 amount not to exceed \$20,900,000; and

15 WHEREAS, The form of loan documents (the “Loan Documents”) evidencing and
16 securing the SSP Program loan for the Project are on file with the Clerk of the Board in File
17 No. 240443, and include: a Declaration of Restrictions restricting the Project to affordable
18 housing; a Loan Agreement; a City Option to Purchase; a Promissory Note; and a Deed of
19 Trust; and

20 WHEREAS, A Declaration of Restrictions will restrict the Project as affordable housing
21 to low- and moderate-income households with annual maximum rent and income established
22 by MOHCD as long as all or any portion of the building remains on the property, but in no
23 event less than 99 years; and

24 WHEREAS, The Declaration of Restrictions for the Project will not be subordinated to
25 any third party financing instrument; and

1 WHEREAS, The Planning Department, by a letter dated April 1, 2024, determined that
2 the proposed Project loan is not defined as a project under the California Environmental
3 Quality Act (“CEQA”) [Pub. Resources Code, Section 21000 et seq.] pursuant to CEQA
4 Guidelines Sections 15378 and 15060(c)(2), and Chapter 31 of the City’s Administrative
5 Code, because it would not result in a direct or indirect physical change in the environment,
6 and is consistent, on balance, with the General Plan, and the eight priority policies of Planning
7 Code, Section 101.1, which letter is on file with the Clerk of the Board of Supervisors in File
8 No. 240443, and incorporated herein by this reference; now, therefore, be it

9 RESOLVED, This Board affirms the Planning Department’s determination under CEQA
10 and finds that the proposed Project loan is consistent, on balance, with the General Plan, and
11 the eight priority policies of Planning Code, Section 101.1 for the reasons set forth in the
12 Director of Planning’s letter; and, be it

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

24 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
25 delegates to the Director of MOHCD and/or the Director of Property, and their designees, the

1 authority to undertake any actions necessary to protect the City's financial security in the
2 Project and enforce the affordable housing restrictions, which may include, without limitation,
3 acquisition of a Project site upon foreclosure and sale at a trustee sale, acceptance of a deed
4 in lieu of foreclosure, or curing the default under a senior loan; and, be it

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

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

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RECOMMENDED:

/s/ Daniel Adams

Daniel Adams

Director, Mayor's Office of Housing and Community Development