

1 [Loan Amendment - 4840 Mission Associates, L.P. - 100% Affordable Housing - 4840 Mission
2 Street - Not to Exceed \$37,728,757]

3 **Resolution approving and authorizing the execution of a First Amendment to the Loan**
4 **Agreement with 4840 Mission Associates, L.P., a California limited partnership, to**
5 **increase the loan amount by \$8,977,307 for a new total loan amount not to exceed**
6 **\$37,728,757 to finance additional construction costs related to the 100% affordable,**
7 **137-unit multifamily rental housing development (plus two staff unit) for low and**
8 **moderate income households located at 4840 Mission Street; authorizing the Mayor**
9 **and the Director of Mayor’s Office of Housing and Community Development, to execute**
10 **documents, make certain modifications and take certain actions in furtherance of this**
11 **Resolution, as defined herein; and to authorize the Mayor and the Director of Mayor’s**
12 **Office of Housing and Community Development to enter into amendments or**
13 **modifications to the First Amendment that do not materially increase the obligations or**
14 **liabilities to the City and are necessary to effectuate the purposes of the agreement or**
15 **this Resolution.**

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

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

1 WHEREAS, By an authorization dated June 14, 2019 (the “Planning Department
2 Authorization”), the Planning Director authorized the affordable housing project authorization
3 for the Project, deeming the Project consistent with the General Plan, and eight priority
4 policies of Planning Code, Section 101.1, a copy of the authorization with the is on file with the
5 Clerk of the Board of Supervisors in File No. 210383, and is incorporated herein by reference;
6 and

7 WHEREAS, City is the fee owner of Assessor’s Parcel Block No. 0741, Lot No. 002,
8 also known by its street address as 4840 Mission Street (“the “Property”); and

9 WHEREAS, Under Resolution No. 208-21 , the Board of Supervisors approved a Loan
10 Agreement between the City and 4840 Mission Housing Associates, L.P., a California limited
11 partnership (“Borrower”), with Bridge Housing Corporation as the Sponsor, a copy of which is
12 on file with the Clerk of the Board of Supervisors in File No. 210383 (“Loan Agreement”), and
13 a loan in the amount up to \$28,751,450 (the “Loan”) to the Borrower for development and
14 construction of a 100% affordable 135-unit affordable rental property for extremely low-, very
15 low-, low- and moderate-income households along with two managers units, including 4,407
16 square feet of commercial space for public benefit on the Property (“the “Project”); and

17 WHEREAS, On June 1, 2021, the Sponsor closed construction and permanent
18 financing for the Project, which included tax exempt multifamily revenue bonds issued by the
19 City and low income housing tax credits, and commenced construction of the Project on June
20 16, 2021; and

21 WHEREAS, Administrative Code, Section 99.3 requires all tenants of the City to
22 receive electric service from the San Francisco Public Utilities Commission (“SFPUC”) unless
23 the SFPUC determines that such service is not feasible, but such tenants will continue to use
24 the distribution infrastructure owned by Pacific Gas & Electric (“PG&E”); and

1 WHEREAS, Under Resolution No. 541-21, the Board of Supervisors approved an
2 agreement between the City and PG&E (“PG&E Agreement”) in which PG&E agreed to
3 provide secondary-level wholesale distribution service to SFPUC for new 100 percent
4 affordable housing projects that are on City-owned land; and

5 WHEREAS, The Sponsor was required to commence construction of the Project prior
6 to approval and execution of the PG&E Agreement and could not determine the feasibility or
7 the cost to change electric service from PG&E to the SFPUC prior to the required construction
8 commencement date, which has resulted in additional construction costs that were not
9 budgeted under the Loan Agreement and construction delays of over six months to negotiate
10 new agreements and redesign the Project; and

11 WHEREAS, Because of the construction delay and new costs to switch to SFPUC
12 electric service under the PG&E Agreement, the construction cost of the Project were
13 increased by \$8,977,307; and

14 WHEREAS, To complete construction of the Project, the Sponsor requires additional
15 funding to cover part of the increased construction costs; and

16 WHEREAS, The Citywide Affordable Housing Loan Committee, consisting of MOHCD,
17 Department of Homeless and Supportive Housing, Office of Community Investment and
18 Infrastructure, and the Controller’s Office of Public Finance recommended approval to the
19 Mayor of a loan increase for the Project in an amount not to exceed \$8,977,307; and

20 WHEREAS, MOHCD desires to increase the Loan by an amount not to exceed
21 \$8,977,307 (“Additional Loan”), for a total loan to the Sponsor in the amount of \$37,728,757,
22 pursuant to a First Amendment to the Loan Agreement (“First Amendment”) in substantially
23 the form on file with the Clerk of the Board of Supervisors in File No. 230318, and in such final
24 form as approved by the Director of MOHCD and the City Attorney; and

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1 WHEREAS, The material terms of the Loan Agreement, as amended by the First
2 Amendment, include: (i) a minimum term of 55 years; (ii) no interest will accrue on the loan;
3 (iii) annual repayment of the loan through residual receipts from the Project; (iv) the Project
4 shall be restricted for the life of the Project as affordable housing to low- and moderate-
5 income households with annual maximum rent and income established by MOHCD; (v) the
6 loan shall be secured by the deed of trust currently recorded against the Sponsor's leasehold
7 interest in the Property; now, therefore, be it

8 RESOLVED, That the Board of Supervisors hereby approves the First Amendment and
9 authorizes the Mayor and the Director of MOHCD or his designee to enter into any
10 amendments or modifications to the First Amendment (including, without limitation,
11 preparation and attachment or, or changes to, any of all of the exhibits and ancillary
12 agreements) and any other documents or instruments necessary in connection therewith that
13 the Director determines, in consultation with the City Attorney, are in the best interest of the
14 City, do not materially increase the obligations or liabilities for the City or materially diminish
15 the benefits of the City, are necessary or advisable to effectuate the purposes and intent of
16 this Resolution and are in compliance with all applicable laws, including the City Charter; and,
17 be it

18 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
19 delegates to the Mayor and Director of MOHCD, and his designee, the authority to undertake
20 any actions necessary to protect the City's financial security in the Property and enforce the
21 affordable housing restrictions, which may include, curing the default under a senior loan; and,
22 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

1 FURTHER RESOLVED, That within thirty (30) days of the First Amendment being fully
2 executed by all parties, MOHCD shall provide the final First Amendment to the Clerk of the
3 Board for inclusion into the official file.

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1 RECOMMENDED:

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3 /s/_____

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

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