

1 [Loan Agreement - Sunnydale Block 3A Housing Partners, L.P. - Sunnydale HOPE SF Block
2 3A - 100% Affordable Housing - Loan Amount Not to Exceed \$27,272,065]

3 **Resolution approving and authorizing the Director of the Mayor’s Office of Housing**
4 **and Community Development to (1) execute an Amended and Restated Loan**
5 **Agreement with Sunnydale Block 3A Housing Partners, L.P., a California limited**
6 **partnership, for a total loan amount not to exceed \$14,862,818 to finance the**
7 **construction of a 80-unit multifamily rental housing development for low-income**
8 **households, which will be known as Sunnydale HOPE SF Block 3A (the "Project"),**
9 **and (2) to execute a Loan Agreement with Sunnydale Commercial LLC, a California**
10 **limited liability company, for a total loan amount not to exceed \$12,409,247 to**
11 **finance the community-serving commercial parcel connected to the 100% affordable**
12 **housing Project (the “Commercial Project”) for a total amount not to exceed**
13 **\$27,272,065; and adopting findings that the loan agreements are consistent with the**
14 **adopted Mitigation Monitoring and Reporting Program under the California**
15 **Environmental Quality Act, the General Plan, and the eight priority policies of**
16 **Planning Code, Section 101.1.**

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18 WHEREAS, In August 2007, the San Francisco Board of Supervisors established
19 the HOPE SF program to fund revitalization of San Francisco’s most distressed public
20 housing (Ordinance Nos. 180-07 and 556-07); and

21 WHEREAS, HOPE SF is the nation’s first large-scale public housing transformation
22 collaborative aimed at disrupting intergenerational poverty, reducing social isolation, and
23 creating vibrant mixed-income communities without mass displacement of current residents;
24 and

1 WHEREAS, HOPE SF, the City’s signature anti-poverty and equity initiative, is
2 committed to breaking intergenerational patterns related to the insidious impacts of trauma
3 and poverty, and to creating economic and social opportunities for current public housing
4 residents through deep investments in education, economic mobility, health and safety; and

5 WHEREAS, The Housing Authority of the City and County of San Francisco (“SFHA”)
6 owns and operates 775 units of public housing on the approximately 50-acre site, known as
7 Sunnydale-Velasco (“Sunnydale”); and

8 WHEREAS, In 2007, SFHA issued a Request for Proposals (“RFP”), seeking
9 submittals from qualified respondents to develop the Sunnydale HOPE SF Master Plan; and

10 WHEREAS, Mercy Housing Corporation, a California nonprofit public benefit
11 corporation (“Mercy”), in collaboration with the Related Company, a California corporation
12 (“Related”), jointly responded to the RFP and were selected to be the developer for the
13 Sunnydale HOPE SF Master Plan; and

14 WHEREAS, Mercy and Related established a separate entity named Sunnydale
15 Development Co., LLC (the “Master Developer”) under which to plan and develop the
16 Sunnydale HOPE SF Master Plan; and

17 WHEREAS, The Sunnydale HOPE SF Master Plan consists of (i) a maximum of 1,770
18 units, of which 775 are replacement units for existing Sunnydale-Velasco households,
19 approximately 200 are additional affordable housing units, and up to 730 units will be for
20 market rate homeownership or rental, (ii) all new streets and utility infrastructure, (iii) 3.6 acres
21 of new open spaces, and (iv) approximately 60,000 square feet of new neighborhood serving
22 spaces; and

23 WHEREAS, By Ordinance No. 18-17, the Board of Supervisors approved a
24 Development Agreement with the Developer relating to the Project Site (the "Development
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1 Agreement") under Administrative Code, Chapter 56, which Ordinance is on file with the Clerk
2 of the Board of Supervisors in File No. 161164 and is incorporated herein by reference; and

3 WHEREAS, By Ordinance No. 20-17, the Board of Supervisors made findings under
4 the California Environmental Quality Act (Public Resources Code, Sections 21000 et seq.)
5 and findings of consistency with the General Plan, and the eight priority policies of Planning
6 Code, Section 101.1, which Ordinance is on file with the Clerk of the Board of Supervisors in
7 File No. 161309 and is incorporated herein by reference; and

8 WHEREAS, The City, acting through the Mayor's Office of Housing and Community
9 Development ("MOHCD"), administers a variety of housing programs that provide financing for
10 the development of new affordable housing and the rehabilitation of single- and multi-family
11 housing for low- and moderate-income households and resources for homeowners in San
12 Francisco; and

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

17 WHEREAS, The Developer desires to commence the fourth affordable housing
18 development of the Master Plan, which will include construction of approximately 60 public
19 housing replacement units and 19 new affordable rental units in Sunnydale HOPE SF Block
20 3A (the, "Project"); and

21 WHEREAS, The Developer established a separate entity named Sunnydale Block 3A
22 Housing Partners, L.P., a California limited partnership (the "Sunnydale Block 3A Developer")
23 to undertake the Project; and

24 WHEREAS, MOHCD provided Sunnydale Block 3A Developer with loans to commence
25 predevelopment activities for the Project; and

1 WHEREAS, The Developer established another separate entity, Sunnydale
2 Commercial LLC, a California limited liability company (the “Sunnydale Block 3A Commercial
3 Developer”) to undertake the Commercial Project; and

4 WHEREAS, On March 3, 2023, the Citywide Affordable Housing Loan Committee,
5 consisting of MOHCD, Department of Homelessness and Supportive Housing, the Office of
6 Community Investment and Infrastructure, Controller’s Office of Public Finance and SFHA,
7 recommended approval to the Mayor of a loan to the Sunnydale Block 3A Developer and
8 Sunnydale Block 3A Commercial Developer for the Project and Commercial Project in a total
9 amount not to exceed \$28,174,840; and

10 WHEREAS, To leverage funding sources in order for the Sunnydale Block 3A
11 Developer to construct the Project, MOHCD desires to provide a loan in the amount not to
12 exceed \$14,862,818 to the Sunnydale Block 3A Developer pursuant to an Amended and
13 Restated Loan Agreement (“Agreement”) in substantially the form on file with the Clerk of the
14 Board in File No. 230377, and in such final form as approved by the Director of MOHCD and
15 the City Attorney; and

16 WHEREAS, MOHCD desires to provide a loan in the amount not to exceed
17 \$12,409,247 to the Sunnydale Block 3A Commercial Developer pursuant to a Loan
18 Agreement (“Commercial Agreement”) in substantially the form on file with the Clerk of the
19 Board in File No. 230377, and in such final form as approved by the Director of MOHCD and
20 the City Attorney; and

21 WHEREAS, The funds secured through the Commercial Agreement will be used to
22 build the cold and warm shells of the Commercial Project located on the ground floor of the
23 Project; and

1 WHEREAS, The material terms of the Agreement and Commercial Agreement also
2 include: (i) a minimum term of 57 years; and (ii) will bear interest at three percent per annum;
3 now, therefore, be it

4 RESOLVED, That the Board of Supervisors hereby adopts the findings contained in
5 Ordinance No. 20-17 regarding the California Environmental Quality Act for the Project and
6 the Commercial Project, and hereby incorporates such findings by reference as though fully
7 set forth in this Resolution; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project
9 and Commercial Project are consistent with the General Plan, and with the eight priority
10 policies of Planning Code, Section 101.1 for the same reasons as set forth in Ordinance No.
11 20-17, and hereby incorporates such findings by reference as though fully set forth in this
12 Resolution; and, be it

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

23 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
24 delegates to the Director of MOHCD and/or the Director of Property, and their designees, the
25 authority to undertake any actions necessary to protect the City's financial security in the

1 Project and the Commercial Project and enforce the affordable housing restrictions and
2 Commercial Project restrictions, which may include, without limitation, acquisition of the
3 Property upon foreclosure and sale at a trustee sale, acceptance of a deed in lieu of
4 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 Agreement being fully
9 executed by all parties, MOHCD shall provide the final Agreements to the Clerk of the Board
10 for inclusion into the official file.

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