

1 [Loan Agreement - 249 Pennsylvania Associates, L.P. - 100% Affordable Housing at 249 and
2 201 Pennsylvania Avenue and 935 Mariposa Street - Not to Exceed \$13,000,000]

3 **Resolution approving and authorizing the Mayor and the Director of the Mayor’s Office**
4 **of Housing and Community Development to execute loan documents relating to a loan**
5 **to provide financing for the acquisition of real property located at 249 and 201**
6 **Pennsylvania Avenue and 935 Mariposa Street (the “Property”), and predevelopment**
7 **activities for a 100% affordable multifamily rental building for families, in an aggregate**
8 **amount not to exceed \$13,000,000; approving the form of the loan agreement and**
9 **ancillary documents; ratifying and approving any action heretofore taken in connection**
10 **with the property, as defined herein; granting general authority to City officials to take**
11 **actions necessary to implement this Resolution, as defined herein; and finding that the**
12 **loan is consistent the City’s General Plan, and the eight priority policies of Planning**
13 **Code, Section 101.1.**

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15 WHEREAS, The City and County of San Francisco, acting through the Mayor’s Office
16 of Housing and Community Development (“MOHCD”), administers a variety of housing
17 programs financing the development of new affordable housing and rehabilitation of single-
18 and multifamily housing for low- and moderate-income households and resources for
19 homeowners in San Francisco; and

20 WHEREAS, MOHCD enters into loan agreements with affordable housing developers
21 for the purpose of acquiring and developing 100% affordable housing within the City; and

22 WHEREAS, MOHCD published a Notice of Funding Availability for acquisition and
23 predevelopment financing on January 27, 2023, for Site Acquisition and Predevelopment
24 Financing for New Affordable Rental Housing (“NOFA”); and

1 WHEREAS, Tenderloin Neighborhood Development Corporation, a California nonprofit
2 public benefit corporation (“TNDC”), and Young Community Developers, a California nonprofit
3 public benefit corporation (“YCD”), were selected as joint developers for an acquisition and
4 predevelopment loan under the NOFA, and TNDC established 249 Pennsylvania Associates,
5 L.P., a California limited partnership (the “Borrower”) as an affiliate to acquire the real property
6 located at 249, 201 Pennsylvania Avenue and 935 Mariposa Street, San Francisco (the
7 “Property”) and conduct predevelopment activities in furtherance of the development and
8 construction of affordable housing on the Property; and

9 WHEREAS, The Borrower desires to acquire the Property in order to develop and
10 construct a 100% affordable, multifamily rental housing project for extremely-low, very-low,
11 low-, and moderate-income households with studio, 1-bedroom, and 2-bedroom units, and
12 ancillary space for residential property staff offices and social services support (the “Project”);
13 and

14 WHEREAS, On October 13, 2023, the Citywide Affordable Housing Loan Committee
15 recommended approval to the Mayor of a loan in an amount not to exceed \$13,000,000 (the
16 “Loan”), consisting of \$11,964,119 for acquisition and \$1,035,881 for predevelopment
17 activities, to finance Borrower’s acquisition of the Property and predevelopment activities
18 associated with the development of the Project, respectively; and

19 WHEREAS, MOHCD desires to provide the Loan to the Borrower pursuant to a Loan
20 Agreement, a Secured Promissory Note (Acquisition) (“Acquisition Note”), a Secured
21 Promissory Note (Predevelopment) (“Predevelopment Note”), Declaration of Restrictions and
22 Affordable Housing Covenants, and a Deed of Trust (collectively, “Loan Documents”), in
23 substantially the forms on file with the Clerk of the Board in File No. 240234, 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 Documents include the following: (i) under
2 the Predevelopment Note, a term of 57 years, an interest rate of three percent (3%), and
3 annual repayment through residual receipts after completion of the Project; (ii) under the
4 Acquisition Note, a term of five years, no interest rate, and repayment in full or through a
5 transfer of the Property to the City; (iii) the Property will be restricted for life of the project as
6 100% affordable housing to lower- and moderate-income households with annual maximum
7 rent and income established by MOHCD; (iv) the loan will be secured by a deed of trust
8 recorded against the Property; and (v) if the Property cannot be developed within the time
9 period required by MOHCD’s loan agreement, the City can require the Property to be
10 transferred to another nonprofit organization or conveyed to the City, and the Loan will be
11 deemed repaid in full; and

12 WHEREAS, The Planning Department, through the General Plan Referral letter dated
13 February 28, 2024, found that the Project would be eligible for ministerial approval under
14 California Government Code, Section 65913.4 (Senate Bills 35 and 765), California Public
15 Resources Code, Section 21080, and the CEQA Guidelines, Sections 15002(i)(1), 15268 and
16 15369, would therefore not be subject to the California Environmental Quality Act (“CEQA”,
17 Pub. Resources Code, Section 21000 et seq.), and is consistent with the General Plan, and
18 the eight priority policies of Planning Code, Section 101.1; which letter is on file with the Clerk
19 of the Board of Supervisors in File No. 240234, and incorporated herein by this reference;
20 now, therefore, be it

21 RESOLVED, This Board affirms the Planning Department’s determination that the
22 proposed Project and Loan is not subject to CEQA and is consistent, on balance, with the
23 General Plan and with Planning Code, Section 101.1 for the reasons set forth in the Director
24 of Planning’s letter; and, be it

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1 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
2 Documents, and authorizes the Mayor and the Director of MOHCD or the Director's designee
3 to enter into the Loan Documents, including, without limitation, modifications of the Loan
4 Documents, and preparation and attachment of, or changes to, any of all of the exhibits and
5 ancillary agreements, and any other documents or instruments necessary in connection
6 therewith, that the Director determines, in consultation with the City Attorney, are in the best
7 interest of the City, do not materially increase the obligations or liabilities for the City or
8 materially diminish the benefits of the City, or are necessary or advisable to effectuate the
9 purposes and intent of this Resolution and are in compliance with all applicable laws,
10 including the City Charter; and, be it

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

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

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

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RECOMMENDED:

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/s/
Daniel Adams, Director
Mayor’s Office of Housing and Community Development