

[Loan Documents - 629 Post Street - Small Sites Program, Academy of Art University Settlement Fund - Not to Exceed \$30,385,225]

**Resolution approving and authorizing the Director of the Mayor's Office of Housing and Community Development to execute documents relating to a loan for the acquisition and rehabilitation of 629 Post Street, pursuant to the Small Sites Program, utilizing the Academy of Art University Settlement Fund for a total loan amount not to exceed \$30,385,225; confirming the Planning Department's determination under the California Environmental Quality Act; and finding that the Project loan is consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

WHEREAS, San Francisco ranked as the eighth most expensive city in the world to live in 2022, according to the Economist Intelligence Unit's Worldwide Cost of Living Index; and

WHEREAS, High housing costs across the Bay Area have caused displacement, the loss of cultural and ethnic diversity in some communities, transportation pressures, and overall social and economic hardship; and

WHEREAS, It is estimated that there were 4,397 unsheltered individuals living in San Francisco in 2022, and over one third of these individuals were long-term San Francisco residents, having lived in the City for 10 or more years, according to the San Francisco Department of Homelessness and Supportive Housing ("HSH"); and

WHEREAS, Nearly one in 10 unsheltered individuals living in San Francisco in 2022 were veterans, and veterans experiencing homelessness in San Francisco cited job loss and eviction as the top two reasons for homelessness in 2022, according to HSH; and

WHEREAS, Swords to Plowshares Veterans Rights Organization ("Swords to Plowshares") has been working to end veteran homelessness for nearly 50 years and

1 currently operates veteran programming providing housing for 39 veterans in a leased  
2 building on Eddy Street in San Francisco; and

3 WHEREAS, Swords to Plowshares seeks to acquire and rehabilitate 629 Post Street  
4 (the "Project") to create 62 units of permanently affordable housing in order to permanently  
5 relocate Swords to Plowshare's programming from the Eddy Street location, add additional  
6 units to serve formerly homeless veterans, and prevent the displacement of formerly  
7 homeless veterans in San Francisco; and

8 WHEREAS, The City and County of San Francisco, through the Mayor's Office of  
9 Housing and Community Development ("MOHCD"), is a leader in the creation and  
10 preservation of affordable housing, offering a variety of loan and grant programs to  
11 individuals, community-based organizations, and housing developers to create and maintain  
12 affordable housing and provide essential community and supportive services; and

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

16 WHEREAS, Among its programs, MOHCD administers the Small Sites Program (or  
17 "SSP") for the purpose of preserving and stabilizing San Francisco's existing rental housing  
18 stock of buildings, and converting properties to permanently affordable housing;

19 WHEREAS, The Citywide Affordable Housing Loan Committee approved revised SSP  
20 Guidelines on September 9, 2022, which consider sites with over 40 residential units, subject  
21 to achievement of minimum scoring criteria per the SSP Scoring Rubric;

22 WHEREAS, MOHCD administers the Academy of Art University Settlement Fund  
23 ("AAU Fund") with a first priority for uses related to the creation or preservation of single room  
24 occupancy ("SRO") units; and  
25

1 WHEREAS, MOHCD desires to loan an amount not to exceed \$30,385,225 from the  
2 AAU Fund and pursuant to the SSP Program, to Swords to Plowshares in order to provide  
3 Swords to Plowshares a two-year acquisition and rehabilitation loan for the Project, which will  
4 permanently provide 62 SRO units of affordable housing for veterans; and

5 WHEREAS, The two-year acquisition and rehabilitation loan will not bear interest in  
6 order for the Project to undergo significant seismic, structural, and building system upgrades  
7 during the loan term. The Project is projected to be stabilized by the end of the two-year  
8 acquisition and rehabilitation loan, and MOHCD plans to convert the loan to a permanent loan  
9 that incorporates debt service at that time; and

10 WHEREAS, The form of loan documents (the "Loan Documents") evidencing and  
11 securing the SSP Program loan for the Project are on file with the Clerk of the Board in File  
12 No. 230173, and include: a Declaration of Restrictions restricting the Project to affordable  
13 housing; a Loan Agreement; a Promissory Note; and a Deed of Trust; and

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

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

20 WHEREAS, On November 4, 2022, the Citywide Affordable Housing Loan Committee,  
21 consisting of representatives of MOHCD, the Department of Homelessness and Supportive  
22 Housing, and the Office of Community Investment and Infrastructure, recommended approval  
23 to the Mayor of a two-year acquisition and rehabilitation loan for the Project in an amount not  
24 to exceed \$30,385,225; and

1 WHEREAS, The Planning Department, by letter dated December 23, 2022, determined  
2 that the proposed Project is categorically exempt under the California Environmental Quality  
3 Act ("CEQA", Pub. Resources Code, Section 21000 et seq.) pursuant to CEQA Guidelines,  
4 Section 15301, and Chapter 31 of the City's Administrative Code, and is consistent, on  
5 balance, with the General Plan, and the eight priority policies of Planning Code,  
6 Section 101.1, which letter is on file with the Clerk of the Board of Supervisors in File  
7 No. 230173, and incorporated herein by this reference; now, therefore, be it

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

12 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan  
13 Documents, and authorizes the Mayor and the Director of MOHCD or the Director's designee  
14 to negotiate and enter into agreements based upon and substantially in the form of the Loan  
15 Documents for the Project (including, without limitation, modifications of the Loan Documents,  
16 and preparation and attachment of, or changes to, any of all of the exhibits and ancillary  
17 agreements) and any other documents or instruments necessary in connection therewith, that  
18 the Director determines, in consultation with the City Attorney, are in the best interest of the  
19 City, do not materially increase the obligations or liabilities for the City or materially diminish  
20 the benefits of the City, or are necessary or advisable to effectuate the purposes and intent of  
21 this Resolution and are in compliance with all applicable laws, including the City Charter; and,  
22 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 enforce the affordable housing restrictions, which may include, without limitation,  
2 acquisition of a Project site upon foreclosure and sale at a trustee sale, acceptance of a deed  
3 in lieu of foreclosure, or curing the default under a senior loan; and, be it

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

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

10 FURTHER RESOLVED, That it is the City's intent to record a City Option to Purchase  
11 in a future loan agreement.

1 RECOMMENDED:

2 /s/

3 Eric D. Shaw

4 Director, Mayor's Office of Housing and Community Development



**City and County of San Francisco**  
**Tails**  
**Resolution**

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

**File Number:** 230173

**Date Passed:** March 07, 2023

Resolution approving and authorizing the Director of the Mayor's Office of Housing and Community Development to execute documents relating to a loan for the acquisition and rehabilitation of 629 Post Street, pursuant to the Small Sites Program, utilizing the Academy of Art University Settlement Fund for a total loan amount not to exceed \$30,385,225; confirming the Planning Department's determination under the California Environmental Quality Act; and finding that the Project loan is consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

March 01, 2023 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

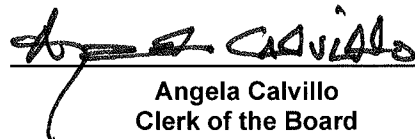
March 01, 2023 Budget and Finance Committee - RECOMMENDED AS AMENDED

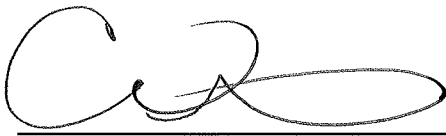
March 07, 2023 Board of Supervisors - ADOPTED

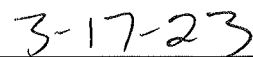
Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 230173

**I hereby certify that the foregoing  
Resolution was ADOPTED on 3/7/2023 by  
the Board of Supervisors of the City and  
County of San Francisco.**

  
Angela Calvillo  
Clerk of the Board

  
London N. Breed  
Mayor

  
Date Approved