

1 [Loan Agreement - Hazel Eddy Woolsey LLC - 1652-1654 Eddy Street, 3554-17th Street, and
2 195 Woolsey Street - Not to Exceed \$11,595,214]

3 **Resolution approving and authorizing the Director of the Mayor’s Office of Housing**
4 **and Community Development (“MOHCD”) with Hazel Eddy Woolsey LLC to execute**
5 **documents relating to a loan in an aggregate total amount not to exceed \$11,595,214**
6 **to finance the acquisition, rehabilitation, and permanent financing of three existing**
7 **affordable multifamily rental housing projects for low-income households, known as**
8 **the “Bernal Bundle” consisting of a total of 26 residential rental units and two**
9 **commercial units in three buildings located at 1652-1654 Eddy Street, 3554-17th**
10 **Street, and 195 Woolsey Street (collectively, the “Project”); affirming the Planning**
11 **Department’s determination under the California Environmental Quality Act;**
12 **adopting findings that the Project and the proposed transactions are consistent with**
13 **the General Plan, and the eight priority policies of Planning Code, Section 101.1; and**
14 **authorizing the Director of MOHCD or his or her designee to execute the loan**
15 **documents for the Project and make certain modifications to such loan documents,**
16 **as defined herein, and take certain actions in furtherance of this Resolution, as**
17 **defined herein.**

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

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

4 WHEREAS, MOHCD enters into loan agreements with affordable housing
5 developers and operators; administers loan agreements; reviews annual audits and
6 monitoring reports; monitors compliance with affordable housing requirements in
7 accordance with capital funding regulatory agreement; and if necessary, takes appropriate
8 action to enforce compliance; and

9 WHEREAS, Among its programs, MOHCD administers the Preservation and
10 Seismic Safety Program (“PASS Program”), which provides low-cost and long-term
11 financing for the acquisition, rehabilitation, and preservation of multi-family housing as well
12 as seismic retrofits; the PASS Program plays a critical role in advancing the City’s anti-
13 eviction and preservation strategies by providing access to a nimble source of financing not
14 currently available on the conventional market; and

15 WHEREAS, MOHCD issued a Notice of Funding Availability for Existing Nonprofit
16 Owned Rental Housing Capital Repairs (“NOFA”) on February 17, 2023, to solicit qualified
17 affordable housing developers for capital improvements and repairs in existing affordable
18 housing units serving low-income households, including homeless households; in response
19 to the NOFA, MOHCD selected Bernal Heights Housing Corporation, a California nonprofit
20 public benefit corporation (“Bernal”), to rehabilitate three affordable housing buildings; in
21 response, Bernal formed Hazel Eddy Woolsey LLC, a California limited liability company
22 (“Borrower”), for the purpose of undertaking the activities described in the NOFA; and

23 WHEREAS, Borrower seeks to acquire and rehabilitate 26 total units of affordable
24 residential rental housing and two commercial units located at 1652-1654 Eddy Street;
25 3554-17th Street; and 195 Woolsey Street, in order to address certain urgent life safety

1 repairs (collectively, the “Project”); and

2 WHEREAS, The City previously provided several loans for the acquisition and
3 rehabilitation of the Project to the Housing Services Affiliate of the Bernal Heights
4 Neighborhood Center, a California nonprofit public benefit corporation, and Bernal Heights
5 Housing Corporation, a California nonprofit public benefit corporation, for the acquisition
6 and rehabilitation of the Project (collectively, the “Original Borrowers”); and

7 WHEREAS, The Borrower has agreed to assume the original loans from the Original
8 Borrowers for the Project; and

9 WHEREAS, The Borrower has requested, and MOHCD desires to consent to, the
10 consolidation of the original loans for the Project; and

11 WHEREAS, The Borrower has requested, and MOHCD desires to loan, up to
12 \$6,281,158 in additional funds pursuant to the NOFA and the PASS Program for the
13 Project; and

14 WHEREAS, On April 5, 2024, the Citywide Affordable Housing Loan Committee,
15 consisting of representatives of MOHCD, the Department of Homelessness and Supportive
16 Housing, the Office of Community Investment and Infrastructure, and the Controller’s Office
17 of Public Finance, recommended approval to the Mayor of the acquisition, rehabilitation,
18 and permanent financing loan for the Project in a total amount not to exceed \$10,395,214;
19 and

20 WHEREAS, On February 7, 2025, the Citywide Affordable Housing Loan
21 Committee, consisting of representatives of MOHCD, the Department of Homelessness
22 and Supportive Housing, the Office of Community Investment and Infrastructure, and the
23 Controller’s Office of Public Finance, recommended approval to the Mayor of an increase in
24 loan amount to the Project for a total amount not to exceed \$11,595,214; and

25

1 WHEREAS, The form of loan documents (collectively, the “Loan Documents”)
2 evidencing and securing the loan for the Project are on file with the Clerk of the Board in
3 File No. 250235, and include: Amended and Restated Declarations of Restrictions; an
4 Amended and Restated Loan Agreement; one or more Promissory Notes; and one or more
5 Deeds of Trust; and

6 WHEREAS, Amended and Restated Declarations of Restrictions will restrict the
7 Project as affordable housing to low-income households with annual maximum rent and
8 income established by MOHCD for as long as the Project or any modification of the Project
9 remains in existence; and

10 WHEREAS, The Amended and Restated Declaration of Restrictions for the Project
11 will not be subordinated to any third party financing instrument; and

12 WHEREAS, The Planning Department, by letter dated August 8, 2024 (“Planning
13 Letter”), has determined that the proposed Project is not an activity subject to the California
14 Environmental Quality Act (“CEQA”) Guidelines, Section 15378(b)(4), and is consistent, on
15 balance, with the General Plan, and the eight priority policies of Planning Code,
16 Section 101.1, which Planning Letter is on file with the Clerk of the Board of Supervisors in
17 File No. 250235, and incorporated herein by this reference; now, therefore, be it

18 RESOLVED, That the Board of Supervisors hereby affirms the Planning
19 Department’s determination under CEQA and finds that the Project is consistent, on
20 balance, with the General Plan, and the eight priority policies of Planning Code, Section
21 101.1 for the reasons set forth in the Planning Letter; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
23 Documents, and authorizes the Mayor and the Director of MOHCD or the Director’s
24 designee to negotiate and enter into agreements based upon and substantially in the form
25 of the Loan Documents for the Project (including, without limitation, modifications of the

1 Loan Documents, and preparation and attachment of, or changes to, any of the exhibits
2 and ancillary agreements) and any other documents or instruments necessary in
3 connection therewith, that the Director of MOHCD determines, in consultation with the City
4 Attorney, are in the best interest of the City, do not materially increase the obligations or
5 liabilities for the City or materially diminish the benefits of the City, or are necessary or
6 advisable to effectuate the purposes and intent of this Resolution and are in compliance
7 with all applicable laws, including the City Charter; and, be it

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

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

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

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RECOMMENDED:

 /s/

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