

Free Recording Requested Pursuant to
Government Code Section 27383

Recording requested by and
when recorded mail to:
City and County of San Francisco
Mayor's Office of Housing
and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Housing Loan Administrator

Assessor's Lot 015; Block 3999
Address: 249 Pennsylvania Avenue, 935 Mariposa Street and 201 Pennsylvania Avenue,
San Francisco, CA 94107

-----Space Above This Line for Recorder's Use-----

**DECLARATION OF RESTRICTIONS AND
AFFORDABLE HOUSING COVENANTS**

(Property Address: 249 Pennsylvania Avenue, 935 Mariposa Street and 201 Pennsylvania
Avenue, San Francisco, CA 94107)

**THIS DECLARATION OF RESTRICTIONS AND AFFORDABLE
HOUSING COVENANTS** (this "Declaration") is made as of _____,
2024, by **249 PENNSYLVANIA ASSOCIATES L.P.**, a California limited partnership
("Borrower"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**,
represented by the Mayor, acting by and through the Mayor's Office of Housing and
Community Development (the "City").

RECITALS

A. The City is making a loan (the "Loan") to Borrower of Community
Development Block Grant Funds and 2023 Certificates of Participation Funds to finance
costs associated with the development of the real property described in **Exhibit A**
attached hereto and incorporated herein by reference (the "Property") as low-income
affordable housing (the "Project"). The Loan is evidenced by, among other documents, a
Loan Agreement between the City and Borrower dated as of the date of this Declaration,
as it may be amended from time to time (the "Agreement"). The Agreement is
incorporated by reference in this Declaration as though fully set forth in this Declaration.
Definitions and rules of interpretation set forth in the Agreement apply to this
Declaration.

B. Pursuant to the Agreement, Borrower has agreed to comply with certain
affordability covenants and other use and occupancy restrictions set forth in the
Agreement (collectively, the "Regulatory Obligations"), commencing on the date the
Deed of Trust is recorded in the Official Records of San Francisco County and continuing

for the Life of the Project (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed.

AGREEMENT

Now, therefore, in consideration of the City providing the Loan in accordance with the City Documents, Borrower agrees as follows:

1. Borrower will comply with the Regulatory Obligations and this Declaration through the expiration of the Compliance Term, regardless of any reconveyance of the Deed of Trust. Specifically, Borrower agrees as follows, subject to additional terms as set forth in the Agreement:

1.2 With the exception of one (1) Unit reserved for the manager of the Project, Units in the Project will at all times be rented only to tenants who qualify as Qualified Tenants at initial occupancy, specifically the below, which may be subject to change upon Project construction finance closing:

Unit Size	No. of Units	Max Income Level
0	36	50% Median Income
2	12	50% Median Income
3	12	50% Median Income
0	9	50% Median Income
2	4	50% Median Income
3	5	50% Median Income
2	15	60% Median Income
3	6	60% Median Income
0	6	60% Median Income
2	7	80% Median Income
3	7	80% Median Income
2	1	Manager Unit
	120	

In addition, Fifty Percent (50%) of the Units must be made available to the chronically homeless or those at risk of homelessness during the period in which the City’s Local Operating Subsidy program is in operation and the City provides such subsidy to the Project under the LOSP Agreement, provided that the exact number of Units to be subject to such occupancy restrictions may be subject to change by mutual agreement upon Project construction finance closing.

If the LOSP is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered but only to the extent

necessary for the Project to remain financially feasible, as determined in City's reasonable discretion; provided that:

(i) Borrower diligently pursues an additional or alternative source of income or subsidy acceptable to the City to replace the rental subsidies; and

(ii) One hundred percent (100%) of the Units formerly under the LOSP must at all times be occupied by Qualified Tenants whose income does not exceed sixty percent (60%) of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (i) thirty percent (30%) of sixty percent (60%) of Median Income, adjusted for household size, (ii) less utility allowance. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

In such event, the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. The relief provided by the foregoing will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by CDLAC, CTCAC, or under any other agreement. Borrower covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

1.3 The total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed the greater of:

(i) thirty percent (30%) of the applicable maximum income level, adjusted for household size; or

(ii) the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

1.4 For the avoidance of any doubt, notwithstanding any repayment of the Loan or otherwise satisfied or if the Deed of Trust is reconveyed, Borrower will comply with the applicable terms of the Agreement as if fully set forth herein, including, without limitation, Article 6 (Marketing), Article 7 (Affordability and Other Leasing Restrictions), Article 8 (Maintenance and Management of the Project), Article 9 (Governmental Approvals and Requirements), Article 10 (Project Monitoring, Reports, Books and Records), Article 11 (Use of Income From Operations), Article 12 (Required Reserves), Article 16 (Transfers), Article 17 (Insurance and Bonds; Indemnity), Article 18 (Hazardous Substances), and Article 19 (Default).

1.5 Notwithstanding anything to the contrary herein, the City acknowledges that the Property currently consists of improvements for commercial use and therefore, accordingly, Borrower may use the Property for interim uses approved by MOHCD prior

to the closing of construction financing for the Project. Borrower will ensure that any interim use does not interfere with or delay any due diligence, investigation, or any other predevelopment work necessary for obtaining financing and commencing construction of the Project.

2. Borrower hereby subjects the Property to the covenants, reservations and restrictions set forth in this Declaration and the Agreement. This Declaration and the Regulatory Obligations constitute covenants running with the land and bind successors and assigns of Borrower and any non-borrower of the Property and will pass to and be binding upon Borrower's successors in title to the Property. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof will conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions in this Declaration, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

3. If Borrower fails to (i) comply with the Regulatory Obligations and this Declaration to the City's satisfaction, in its sole discretion, and (ii) cure such default as set forth in **Section 19.1(c)** of the Agreement, the City will have the right to pursue any available remedy at equity or in law, including as set forth in **Section 19.2** of the Agreement, to enforce this Declaration. During the Compliance Term, the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents. Borrower will pay the City's reasonable costs in connection with the City's enforcement of the terms of this Declaration and Regulatory Obligations, including, without limitation, the City's attorneys' fees and costs.

Borrower has executed this Declaration as of the date first written above.

"BORROWER"

249 Pennsylvania Associates, L.P.,
a California limited partnership

By: Pennsylvania 249 Housing Associates LLC,
a California limited liability company, its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Roxanne Huey

Interim Co-Chief Executive Officer [ALL SIGNATURES MUST BE
NOTARIZED.]

EXHIBIT A

(Legal Description of the Property)

THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL ONE:

Beginning at the Southwest corner of Pennsylvania Avenue (90 feet wide) and Mariposa Street (66 feet wide); thence Easterly along the Southerly line of said Mariposa Street 100.00 feet; thence at right angles Southerly 25 feet; thence at right angles Westerly 15.00 feet to a point in a line parallel with and distant Easterly 85 feet measured at right angles from the Easterly line of said Pennsylvania Avenue; thence Southerly along said parallel line 225.00 feet; thence at right angles Westerly 85.00 feet to a point in the Easterly line of said Pennsylvania Avenue; thence Northerly along said Easterly line 250.00 feet to the point of beginning.

As said parcel is described on the Certificate of Compliance recorded July 12, 2018 as Instrument No. 2018K638468.

Excepting therefrom rights to all oil, gas and minerals as reserved in deed dated September 23, 1952, from Southern Pacific Company, a corporation, to Northern California Hardware & Steel Co., a corporation, recorded October 7, 1952, Book 6014, Page 270, Series B-20709, Official Records.

Also excepting therefrom all minerals contained in the above described land, including, without limiting, the generality thereof oil, gas and other hydrocarbon substances, as well as metallic or other solid minerals fifty feet (50') below the surface of said land, as reserved by the Atchison, Topeka and Santa Fe Railroad Company, a Delaware corporation, in Deed recorded October 30th, 1991 in Book F492, Image 126, Series No. F018797, Official Records.

PARCEL TWO:

Easement appurtenant to Parcel One for construction and maintenance of footings for retaining wall as granted in the deed from Southern Pacific Company, a Delaware Corporation, to Northern California Hardware & Steel Co., a corporation, dated September 23, 1952, recorded October 7, 1952, in Book 6014 of Official Records, at Page 270, in the office of the Recorder of the City and County of San Francisco, State of California, more particularly described as follows to wit:

BEGINNING at a point in a line parallel with and distant 25 feet Southerly at right angles from the Southerly line of Mariposa Street, distant 85 feet Easterly along said parallel line from the Easterly line of Pennsylvania Avenue; thence Southerly, parallel with and

distant Easterly, 85 feet, measured at right angles from said Easterly line of Pennsylvania Avenue 225 feet; thence Easterly at right angles from the last described course, 3.5 feet to a point in a line parallel with and distant Easterly 88.5 feet, measured at right angles from said Easterly line of Pennsylvania Avenue; thence Northerly, along last said parallel line, 225 feet to a point in said line that is Page 2 of 2 parallel with and distant 25 feet Southerly, at right angles from the Southerly line of Mariposa Street; thence Westerly, along last said parallel line 3.5 feet to the point of beginning

Being a portion of Block 316 of the Potrero Nuevo Survey.

Assessor's Lot 015; Block 3999

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