

1 [Loan Documents - Small Sites Program and Preservation and Seismic Safety Loans for
2 Affordable Housing - Not to Exceed \$48,656,000]

3 **Resolution approving and authorizing the Director of the Mayor’s Office of Housing and**
4 **Community Development to execute documents relating to loans for the acquisition,**
5 **rehabilitation, or permanent financing of six project sites located at 1201 Powell Street,**
6 **462 Green Street, 4830 Mission Street, 3280-17th Street, 1411 Florida Street, and 65**
7 **Woodward Street, pursuant to the Small Sites Program and Preservation and Seismic**
8 **Safety Program for a total loan amount not to exceed \$48,656,000; confirming the**
9 **Planning Department’s determination under the California Environmental Quality Act;**
10 **and finding that the Project loans are consistent with the General Plan, and the eight**
11 **priority policies of Planning Code, Section 101.1.**

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13 WHEREAS, The average monthly rent for a two-bedroom apartment in San Francisco
14 jumped from \$2,611 in 2011 to \$4,550 in 2019, an increase of almost 75% in eight years,
15 according to real estate analyst Rent Jungle; for a family of four with an annual income
16 equaling San Francisco’s 2018 area median income (“AMI”) of \$118,400, a monthly rent
17 payment of \$4,550 consumes 46% of the family’s monthly income; while low income San
18 Francisco households earning less than 50% of AMI have faced significant rent burdens for
19 decades, the City’s high cost of housing now burdens even moderate income households with
20 an annual income of up to 200% of AMI; high housing costs across the Bay Area have caused
21 displacement, the loss of cultural and ethnic diversity in some communities, transportation
22 pressures, and overall social and economic hardship; and

23 WHEREAS, The City and County of San Francisco, through the Mayor’s Office of
24 Housing and Community Development (“MOHCD”), is a leader in the creation and
25 preservation of affordable housing, offering a variety of loan and grant programs to

1 individuals, community-based organizations, and housing developers to create and maintain
2 affordable housing and provide essential community and supportive services; the funding for
3 these loans and grants comes from a variety of sources, all of which are restricted to
4 affordable housing and are subject to various housing program restrictions; and

5 WHEREAS, Among its programs, MOHCD administers the Small Sites Program
6 (“SSP”) for the purpose of preserving and stabilizing San Francisco’s existing rental housing
7 stock of buildings that are up to 25 units and occupied by low- to moderate-income tenants
8 who are vulnerable to displacement due to market-driven increases in evictions; the SSP
9 helps San Franciscans avoid displacement eviction by removing small properties from the
10 speculative market, stabilizing housing for current tenants of those properties, and converting
11 the properties to permanently affordable housing; and

12 WHEREAS, The SSP funds administered by MOHCD include the Preservation and
13 Seismic Safety Program (“PASS Program”), which provides low-cost and long-term financing
14 for the acquisition, rehabilitation, and preservation of multi-family housing as well as seismic
15 retrofits; the PASS Program plays a critical role in advancing the City’s anti-eviction and
16 preservation strategies like the SSP by providing access to a nimble source of financing not
17 currently available on the conventional market; and

18 WHEREAS, MOHCD has the following six SSP and PASS Program loan transactions
19 that it expects to close within the next one to four months: 1) 1201 Powell Street, a 17 unit
20 multifamily residential property with one ground floor commercial tenant; 2) 462 Green Street,
21 a seven unit multifamily residential property; 3) 4830 Mission, a 21 unit multifamily residential
22 property with six ground floor commercial tenants; 4) 3280-17th Street, an 11 unit multifamily
23 residential property with five ground floor commercial tenants; 5) 1411 Florida Street, a seven
24 unit multifamily residential property and; 6) 65 Woodward Street, a six unit multifamily
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1 residential property (each a “Project” and collectively, the “Projects”); the total amount of the
2 Project loans will not exceed \$48,656,000; and

3 WHEREAS, The form of loan documents (the “Loan Documents”) evidencing and
4 securing the SSP and PASS Program loans for the Projects are on file with the Clerk of the
5 Board in File No. 190575, and include: a Declaration of Restrictions restricting each Project to
6 affordable housing; a Loan Agreement; four Promissory Notes; and two Deeds of Trust; a
7 Declaration of Restrictions will restrict each Project as affordable housing to low- and
8 moderate-income households with annual maximum rent and income established by MOHCD
9 as long as all or any portion of the buildings remain on the property, but in no event less than
10 75 years; the Declaration of Restrictions for each Project will not be subordinated to any third
11 party financing instrument; and

12 WHEREAS, The Planning Department, by letter dated May 13, 2019, found that each
13 of the proposed Project loans is not considered a project under the California Environmental
14 Quality Act (“CEQA”, Public Resources Code, Section 21000 et seq.) pursuant to CEQA
15 Guidelines, Section 15060 and Chapter 31 of the City’s Administrative Code, and is
16 consistent, on balance, with the General Plan, and the eight priority policies of Planning Code,
17 Section 101.1, which letter is on file with the Clerk of the Board of Supervisors in File
18 No. 190575, and incorporated herein by this reference; now, therefore, be it

19 RESOLVED, This Board affirms the Planning Department’s determination under CEQA
20 and finds that each of the proposed Project loans is consistent, on balance, with the General
21 Plan, and with Planning Code, Section 101.1 for the reasons set forth in the Director of
22 Planning’s letter; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
24 Documents, and authorizes the Director of MOHCD or the Director’s designee to negotiate
25 and enter into agreements based upon and substantially in the form of the Loan Documents

1 for each of the Projects (including, without limitation, modifications of the Loan Documents,
2 and preparation and attachment of, or changes to, any of all of the exhibits and ancillary
3 agreements) and any other documents or instruments necessary in connection therewith, that
4 the Director determines, in consultation with the City Attorney, are in the best interest of the
5 City, do not materially increase the obligations or liabilities for the City or materially diminish
6 the benefits of the City, or are necessary or advisable to effectuate the purposes and intent of
7 this Resolution and are in compliance with all applicable laws, including the City Charter; and,
8 be it

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

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

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

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RECOMMENDED:

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Dan Adams
Deputy Director, Mayor's Office of Housing and Community Development