

1 [Acquisition of Real Property - 3300 Mission Partners L.P. - 3300, 3306, and 3308 Mission  
2 Street - 100% Affordable Housing - \$4,151,000 - Ground Lease with Annual Base Rent of \$1 -  
3 Loan NTE \$12,440,242 - Limited Payment Guaranty Not to Exceed \$1,000,000]

4 **Resolution 1) approving and authorizing the Director of Property, on behalf of the San**  
5 **Francisco Mayor’s Office of Housing and Community Development (“MOHCD”), to**  
6 **acquire real property located at 3300, 3306, and 3308 Mission Street (“Property”) from**  
7 **3300 Mission Partners L.P. (“Borrower”) for \$4,151,000 under an Agreement for**  
8 **Purchase and Sale (“Purchase Agreement”); 2) placing the Property under the**  
9 **jurisdiction of MOHCD for use in constructing affordable housing; 3) approving and**  
10 **authorizing the Director of Property and the Director of MOHCD to enter into a Ground**  
11 **Lease to lease the Property back to the Borrower for a term of 75 years and one 24-year**  
12 **option to extend and an annual base rent of \$1 (“Ground Lease”) in order to construct**  
13 **a 100% affordable, 35-unit multifamily rental housing development affordable to low-**  
14 **income households, including one manager unit, and ground floor commercial space**  
15 **(the “Project”); 4) approving and authorizing an Amended and Restated Loan**  
16 **Agreement in an amount not to exceed (NTE) \$12,440,242 for a minimum loan term of**  
17 **57 years (“Loan Agreement”) to finance the development and construction of the**  
18 **Project; 5) approving and authorizing a limited payment guaranty in an amount not to**  
19 **exceed \$1,000,000 from MOHCD for the benefit of Wincopin Circle LLLP (“Limited**  
20 **Payment Guaranty”); 6) adopting findings declaring that the Property is “exempt**  
21 **surplus land” pursuant to the California Surplus Lands Act; 7) determining that the less**  
22 **than market rent payable under the Ground Lease will serve a public purpose by**  
23 **providing affordable housing for low-income households in need, in accordance with**  
24 **Section 23.30 of the Administrative Code; 8) adopting findings that the Project and**  
25 **proposed transactions are consistent with the General Plan, and the eight priority**

1 **policies of Planning Code, Section 101.1; and 9) authorizing the Director of Property**  
2 **and/or the Director of MOHCD to make certain modifications to the Purchase**  
3 **Agreement, Ground Lease, Loan Agreement, and Limited Payment Guaranty, as**  
4 **defined herein, and take certain actions in furtherance of this Resolution, as defined**  
5 **herein.**

6

7 WHEREAS, The City, acting through the Mayor’s Office of Housing and Community  
8 Development (“MOHCD”), administers a variety of housing programs that provide financing for  
9 the development of new affordable housing and the rehabilitation of single- and multi-family  
10 housing for low- and moderate-income households and resources for homeowners in San  
11 Francisco; and

12 WHEREAS, MOHCD enters into loan agreements with affordable housing developers  
13 and operators; administers loan agreements; reviews annual audits and monitoring reports;  
14 monitors compliance with affordable housing requirements in accordance with capital funding  
15 regulatory agreements; and if necessary, takes appropriate action to enforce compliance; and

16 WHEREAS, On January 27, 2023, MOHCD issued a Notice of Funding Availability:  
17 (“NOFA”) to solicit qualified affordable housing developers for site acquisition and  
18 predevelopment for new construction projects serving low-income households, including  
19 homeless households; and

20 WHEREAS, In response to the NOFA, MOHCD selected Bernal Heights Housing  
21 Corporation, a California nonprofit public benefit corporation, Tabernacle Community  
22 Development Corporation, a California nonprofit public benefit corporation, and Mitchelville  
23 Real Estate Group, a California limited liability company (collectively “Developers”), and the  
24 Developers formed 3300 Mission Partners L.P., a California limited partnership (“Borrower”),  
25 as an affiliate to acquire and develop property for affordable housing; and

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WHEREAS, MOHCD supports the development and production of affordable housing by emerging developers, which MOHCD defines as entities that have developed, owned, rehabilitated, or operated at least one but not more than three similar affordable housing developments, to expand the capacity of small community-based organizations to develop and own affordable housing and mitigate historical barriers; and

WHEREAS, The NOFA required that applicants create opportunities to support the growth of emerging developers in primary development roles, as members of the development team, or as key members of selected development teams; and

WHEREAS, The Developers qualify as emerging developers under the NOFA; and

WHEREAS, On December 21, 2023, MOHCD provided a \$4,151,000 loan to the Borrower (“Acquisition Loan”) for the acquisition of real property located at 3300, 3306, and 3308 Mission Street in San Francisco (the “Property”), and a \$2,349,000 loan to the Borrower for predevelopment activities related to the development of affordable housing on the Property; and

WHEREAS, The Borrower acquired the Property and completed predevelopment activities for the development and construction on the Property of a 100% affordable, 35-unit multifamily rental housing development (including one manager’s unit) affordable to low-income households, between 30% to 80% of MOHCD’s area median income (“MOHCD AMI”), and including approximately 776 square feet of ground floor commercial space (collectively, the “Project”); and

WHEREAS, On February 12, 2024, by Notice of Final Approval of an AB 2011 Project, the Planning Department by Case No. 2023-006512PRJ determined that the development of the Project met all the standards of the Planning Code and would be eligible for ministerial approval under California Government Code, Section 65912.110

1 (Assembly Bill 2011), California Public Resources Code, Section 21080, and the CEQA  
2 Guidelines, Sections 15002(i)(1), 15268 and 15369, and would therefore not be subject  
3 to the California Environmental Quality Act (“CEQA”); a copy of the Planning  
4 Department’s Notice of Final Approval of an AB 2011 Project is on file with the Clerk of  
5 the Board of Supervisors in File No. 240884, and is incorporated herein by reference;  
6 and

7 WHEREAS, By letter dated February 12, 2024, the Planning Department determined  
8 the Project was consistent with the City’s General Plan, and eight priority policies of Planning  
9 Code, Section 101.1 (the “Planning Department Letter”); a copy of the Planning Department  
10 Letter is on file with the Clerk of the Board of Supervisors in File No. 240884, and is  
11 incorporated herein by reference; and

12 WHEREAS, City, through MOHCD and the Real Estate Division, in consultation with  
13 the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the  
14 Property from the Borrower for \$4,151,000 in exchange for MOCHD’s deemed repayment of  
15 the principal and accrued interest of the Acquisition Loan as described in the Acquisition Loan  
16 secured promissory note and loan agreement; copies of the Purchase Agreement and  
17 Acquisition Loan secured promissory note and loan agreement are on file with the Clerk of the  
18 Board of Supervisors in File No. 240884, incorporated herein by reference; and

19 WHEREAS, The Director of Property determines the Property to be at or below fair  
20 market value; and

21 WHEREAS, MOHCD and the Director of Property have approved the form of the  
22 Ground Lease between the City and the Borrower, pursuant to which the City will lease the  
23 Property to the Borrower for a term of 75 years and one 24-year option to extend and a base  
24 rent of \$1 per year, in exchange for the Borrower’s agreement, among other things, to  
25 construct and operate the Project with rent levels affordable to households up to 80% of

1 MOHCD AMI; a copy of the Ground Lease in a form substantially approved is on file with the  
2 Clerk of the Board of Supervisors in File No. 240884, and is incorporated herein by reference;  
3 and

4 WHEREAS, The proposed rent of the Ground Lease is less than Market Rent (as  
5 defined in Administrative Code, Section 23.2), but the lower rent will serve a public purpose by  
6 providing affordable housing for low-income households in need; and

7 WHEREAS, The Property is “exempt surplus land,” as defined in California  
8 Government Code, Section 54221(f)(1), because the Project will restrict 100% of the  
9 residential units to very low and low-income persons and families, pursuant to California  
10 Government Code, Section 25539.4; and

11 WHEREAS, MOHCD is also providing the Borrower with new financial assistance to  
12 leverage other funding sources in order for Borrower to construct the Project; and

13 WHEREAS, On August 16, 2024, the Citywide Affordable Housing Loan Committee,  
14 consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of  
15 Community Investment and Infrastructure, and the Controller’s Office of Public Finance  
16 recommended approval to the Mayor of an increase in the loan to the Borrower for the Project  
17 for a total amount not to exceed \$12,440,242 in local funds under an Amended and Restated  
18 Loan Agreement, a copy of which is in a form substantially approved is on file with the Clerk of  
19 the Board of Supervisors in File No. 240884, and is incorporated herein by reference (“Loan  
20 Agreement”); and

21 WHEREAS, The Loan Agreement would be entered into under the following material  
22 terms: (i) a minimum term of 57 years; (ii) simple interest of at least 3% but no more than the  
23 long-term applicable federal rate as of the closing date; (iii) annual repayment of the Loan  
24 Agreement by Borrower through residual receipts from the Project; (iv) the Project shall be  
25 restricted for life of the Project as affordable housing to low-income households with annual

1 maximum rent and income established by MOHCD; and (v) the Loan Agreement shall be  
2 secured by a deed of trust recorded against the Borrower's leasehold interest in the Property;  
3 and

4 WHEREAS, Borrower intends to subdivide the Property into one residential parcel and  
5 one commercial parcel, and if Borrower meets certain conditions described in the Ground  
6 Lease after the Project has been constructed, MOHCD intends to seek further Board approval  
7 to amend the Ground Lease to remove the commercial parcel from the Ground Lease and  
8 enter into a separate commercial ground lease with Borrower's affiliate for the commercial  
9 parcel; and

10 WHEREAS, Pursuant to the First Amended and Restated Agreement of Limited  
11 Partnership of the Borrower, Wincopin Circle LLLP, a Maryland limited liability limited  
12 partnership ("Investor"), will provide equity for the construction and completion of the Project;  
13 and

14 WHEREAS, As an emerging developer, Developer has limited assets and reserves to  
15 satisfy all of its obligations to the Investor, and Investor requested MOHCD provide a limited  
16 payment guaranty in an amount not to exceed \$1,000,000 in the event Developer cannot  
17 complete its obligations to the Project and to the Investor ("Limited Payment Guaranty"); and

18 WHEREAS, MOHCD desires to provide the Limited Payment Guaranty until the Project  
19 converts to permanent financing (approximately three years) in accordance with the  
20 documents substantially the form on file with the Clerk of the Board of Supervisors in File  
21 No. 240884, and in such final forms as approved by the MOHCD Director and the City  
22 Attorney; now, therefore, be it

23 RESOLVED, That the Board of Supervisors hereby finds that the Project (and  
24 associated actions necessary to effectuate the Project) is consistent with the General Plan,  
25 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as

1 set forth in the Planning Department Letter, and hereby incorporates such findings by  
2 reference as though fully set forth in this Resolution; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors hereby finds, in consideration  
4 of the foregoing, that the Property is “exempt surplus land,” as defined in California  
5 Government Code, Section 54221(f)(1), because the Project will restrict 100% of the  
6 residential units to very low and low-income persons and families, pursuant to California  
7 Government Code, Section 25539.4; and, be it

8 FURTHER RESOLVED, That in accordance with the recommendation of the Director  
9 of MOHCD and the Director of Property, the Board of Supervisors approves the Purchase  
10 Agreement, in substantially the form presented to the Board, and authorizes the Director of  
11 MOHCD and the Director of Property to execute and deliver the Purchase Agreement, in  
12 substantially the form presented to the Board, and any such other documents that are  
13 necessary or advisable to complete the transaction contemplated by the Purchase  
14 Agreement, and to effectuate the purpose and intent of this Resolution; and, be it

15 FURTHER RESOLVED, That MOHCD has legal authority, is willing, and is in a position  
16 financially and otherwise to assume immediate care and maintenance of the Property, and  
17 that the Director of Property is hereby authorized to accept the deed to the Property from the  
18 Borrower upon the closing in accordance with the terms and conditions of the Purchase  
19 Agreement, to place the Property under the jurisdiction of MOHCD, and to take any and all  
20 steps (including, but not limited to, the execution and delivery of any and all certificates,  
21 agreements, notices, consents, escrow instructions, closing documents and other instruments  
22 or documents) as the Director of Property deems necessary or appropriate in order to acquire  
23 the Property pursuant to the Purchase Agreement, or to otherwise effectuate the purpose and  
24 intent of this Resolution, such determination to be conclusively evidenced by the execution  
25 and delivery by the Director of Property of any such documents; and, be it

1           FURTHER RESOLVED, That in accordance with the recommendation of the Director  
2 of MOHCD and the Director of Property, the Board of Supervisors approves the Ground  
3 Lease in substantially the form presented to the Board, and authorizes the Director of  
4 Property (or the Director’s designee, as used throughout) and Director of MOHCD (or the  
5 Director’s designee, as used throughout), to execute and deliver the Ground Lease, in  
6 substantially the form presented to the Board, and any such other documents or agreements  
7 (including such agreements to provide adequate or additional security or indemnities as  
8 required by lenders to consummate the financing of the Project or lease of the Property) that  
9 are necessary or advisable, in consultation with the City Attorney, to complete the transaction  
10 contemplated by the Ground Lease and to effectuate the purpose and intent of this  
11 Resolution, and determines that the less than Market Rent payable under the Ground Lease  
12 will serve a public purpose by providing affordable housing for low-income households in  
13 need; and, be it

14           FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan  
15 Agreement and the transaction contemplated thereby in substantially the form presented to  
16 the Board, and authorizes the Mayor and the Director of MOHCD, to execute and deliver the  
17 Loan Agreement and any such other documents that are necessary or advisable to complete  
18 the transaction contemplated by the Loan Agreement and to effectuate the purpose and intent  
19 of this Resolution; and, be it

20           FURTHER RESOLVED, That the Board of Supervisors hereby approves the Limited  
21 Payment Guaranty and the transaction contemplated thereby in substantially the form  
22 presented to the Board, and authorizes the Mayor and the Director of MOHCD, to execute  
23 and deliver the Limited Payment Guaranty and any such other documents that are necessary  
24 or advisable to complete the transaction contemplated by the Limited Payment Guaranty and  
25 to effectuate the purpose and intent of this Resolution; and, be it

1           FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
2 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any  
3 additions, amendments, or other modifications to the Purchase Agreement, the Ground  
4 Lease, the Loan Agreement, and the Limited Payment Guaranty, and any other documents or  
5 instruments necessary in connection therewith (including, without limitation, preparation and  
6 attachment or, or changes to, any of all of the exhibits and ancillary agreements), that the  
7 Director of Property and/or Director of MOHCD determine are in the best interests of the City,  
8 do not materially decrease the benefits to the City with respect to the Property, do not  
9 materially increase the obligations or liabilities of the City, and are necessary or advisable to  
10 complete the transaction contemplated in the Purchase Agreement, the Ground Lease, the  
11 Loan Agreement, and the Limited Payment Guaranty, and that effectuate the purpose and  
12 intent of this Resolution, such determination to be conclusively evidenced by the execution  
13 and delivery by the Director of Property and/or the Director of MOHCD of any such additions,  
14 amendments, or other modifications; and, be it

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

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

24           FURTHER RESOLVED, That within thirty (30) days of the Purchase Agreement, the  
25 Ground Lease, the Limited Payment Guaranty, and the Loan Agreement being fully executed

