

1 [Ground Lease and Amended and Restated Loan Agreement - 730 Stanyan Street - 100%
2 Affordable Housing - Base Rent of \$15,000 - Loan Not to Exceed \$69,528,927]

3 **Resolution 1) approving and authorizing the Director of Property and Director of the**
4 **Mayor’s Office of Housing and Community Development (“MOHCD”) to enter into a**
5 **Ground Lease for real property owned by the City located at 730 Stanyan Street**
6 **(“Property”) with 730 Stanyan Associates, L.P. for a lease term of 75 years and one 24-**
7 **year option to extend and an annual base rent of \$15,000 (“Ground Lease”) in order to**
8 **construct a 160 unit multifamily rental housing development affordable to very low- and**
9 **low-income households (the “Project”); 2) approving and authorizing an Amended and**
10 **Restated Loan Agreement in an amount not to exceed \$69,528,927 for a minimum loan**
11 **term of 57 years (“Loan Agreement”) to finance the development and construction of**
12 **the Project; 3) adopting findings that the Project and proposed transactions are**
13 **consistent with the General Plan, and the eight priority policies of Planning Code,**
14 **Section 101.1; 4) adopting findings declaring that the Property is “exempt surplus**
15 **land” pursuant to the California Surplus Lands Act; 5) determining that the less than**
16 **market rent payable under the Ground Lease will serve a public purpose by providing**
17 **affordable housing for low-income households in need, in accordance with**
18 **Administrative Code, Section 23.3; and 6) authorizing the Director of Property and/or**
19 **the Director of MOHCD to execute the Ground Lease and the Amended and Restated**
20 **Loan Agreement, and make certain modifications to such agreements, as defined**
21 **herein, and take certain actions in furtherance of this Resolution, as defined herein.**

22
23 WHEREAS, The City and County of San Francisco (“City”) owns certain real property
24 located at 730 Stanyan Street in San Francisco, California, which is comprised of
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1 approximately 37,813 square feet and known as Assessor's Parcel Block No. 1249, Lot No.
2 024 (the "Property"); and

3 WHEREAS, Pursuant to Resolution No. 20-18, the City acquired the Property for the
4 purpose of developing and constructing affordable housing on the Property; and

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

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

14 WHEREAS, On September 10, 2019, MOHCD issued a Request for Qualifications
15 ("RFQ") for a developer to work with the City to develop affordable housing on the Property;
16 and

17 WHEREAS, Tenderloin Neighborhood Development Corporation, a California nonprofit
18 public benefit corporation ("TNDC"), and Chinatown Community Development Center
19 ("CCDC") responded to the RFQ and were selected as the joint developers of the Project; and

20 WHEREAS, TNDC and CCDC have established 730 Stanyan Associates, L.P.,
21 a California limited partnership (the "Developer"), as a separate entity under which to
22 develop and construct the Project; and

23 WHEREAS, On June 15, 2022, by Notice of Final Approval of an SB 35 Project,
24 the Planning Department by case No. 2021-001053PRJ determined that the
25 development of the Project met all the standards of the Planning Code and would be

1 eligible for ministerial approval under California Government Code, Section 65913.4
2 (Senate Bills 35 and 765), California Public Resources Code, Section 21080, and the
3 CEQA Guidelines, Sections 15002(i)(1), 15268 and 15369, and would therefore not be
4 subject to the California Environmental Quality Act (“CEQA”); a copy of the Notice of
5 Final Approval of an SB 35 Project is on file with the Clerk of the Board of Supervisors
6 in File No. 230524, and is incorporated herein by reference; and

7 WHEREAS, The Planning Department determined that the Project is consistent with
8 the General Plan, and eight priority policies of Planning Code, Section 101.1 (the “General
9 Plan Referral”); a copy of the Planning Department’s General Plan Referral is on file with the
10 Clerk of the Board of Supervisors in File No. 230524, and is incorporated herein by reference;
11 and

12 WHEREAS, MOHCD and the Director of Property have approved the form of the
13 Ground Lease between the City and the Developer, pursuant to which the City will lease the
14 Property to the Developer for a term of 75 years and one 24-year option to extend and a base
15 rent of \$15,000 per year, in exchange for the Developer’s agreement, among other things, to
16 construct and operate the Project with rent levels affordable to households up to 80% of area
17 median income (AMI) published by MOHCD; a copy of the substantially final form of Ground
18 Lease is on file with the Clerk of the Board of Supervisors in File No. 230524, and is
19 incorporated herein by reference; and

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

23 WHEREAS, MOHCD is also providing the Developer with financial assistance to
24 combine with other funding sources in order for the Developer to construct the Project; and
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1 WHEREAS, On April 21, 2023, the Citywide Affordable Housing Loan Committee,
2 consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of
3 Community Investment and Infrastructure, and the Controller’s Office of Public Finance
4 recommended approval to the Mayor of a loan to the Developer for the Project in an amount
5 not to exceed \$69,528,927 in funds, including \$8,583,241 under the No Place Like Home
6 Program (the “Loan”); and

7 WHEREAS, The City, through MOHCD, will make the Loan to the Developer under an
8 Amended and Restated Loan Agreement (“Loan Agreement”) and evidenced by two
9 promissory notes in the amounts of \$60,945,686 of funds from the City’s sources (“City Loan”)
10 and loan \$8,583,241 of No Place Like Home funds (“NPLH Loan”) with the following material
11 terms: (i) a minimum term of 57 years; (ii) an interest rate of up to three percent (3%) for the
12 City Loan and zero percent (0%) interest for the NPLH Loan; (iii) annual repayment of the City
13 Loan by Developer through residual receipts from the Project and deferred payment of the
14 NPLH; (iv) the Project shall be restricted for life of the Project as affordable housing to very
15 low and low-income households with annual maximum rent and income established by
16 MOHCD; and (v) the Loan Agreement shall be secured by a deed of trust recorded against
17 the Developer’s leasehold interest in the Property; a copy of the substantially final forms of the
18 Loan Agreement, promissory note, deed of trust, and declaration of restrictions is on file with
19 the Clerk of the Board of Supervisors in File No. 230524, and is incorporated herein by
20 reference; now, therefore, be it

21 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
22 associated actions necessary to effectuate the Project) is consistent with the General Plan,
23 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
24 set forth in the General Plan Referral, and hereby incorporates such findings by reference as
25 though fully set forth in this Resolution; and, be it

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

6 FURTHER RESOLVED, That the Board of Supervisors hereby finds, in consideration
7 of the foregoing, the lower rent under the Ground Lease will serve a public purpose by
8 providing affordable housing for very low and low-income households in need; and

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

22 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
23 Agreement and the transaction contemplated thereby in substantially the form presented to
24 the Board, and authorizes the Mayor and the Director of MOHCD, to execute and deliver the
25 Loan Agreement and any such other documents that are necessary or advisable to complete

1 the transaction contemplated by the Loan Agreement and to effectuate the purpose and intent
2 of this Resolution; and, be it

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

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

22 FURTHER RESOLVED, That the Board of Supervisors urges MOHCD to include
23 Transitional Aged Youth services as a ground floor use, as MOHCD previously represented in
24 prior loan applications, including an Approved Pre-Development Loan from October 2020, a
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