

Free Recording Requested Pursuant to
Government Code Sections 27383 and 27388.1

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

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

2901 16th Street
San Francisco, CA 94103
Assessor's Lot 1, Block 3570

DECLARATION OF RESTRICTIONS
2901 16th Street

THIS DECLARATION OF RESTRICTIONS ("Declaration") is made as of [Date], 2024, by **MEDA SMALL PROPERTIES, LLC**, a California limited liability company ("**Borrower**"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development (the "**City**").

RECITALS

A. The City is making a loan (the "**Loan**") to Borrower to finance the acquisition and rehabilitation of, and provide permanent financing for, the real property described in **Exhibit A** attached hereto and incorporated herein by reference (the "Property") as low- to moderate-income 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 and is available through the Mayor's Office of Housing and Community Development ("**MOHCD**") at the address first specified in the recording request set forth above.

B. Pursuant to the Agreement, Borrower has agreed to comply with certain affordability and other use and occupancy restrictions (collectively, the "**Regulatory Obligations**"), commencing on the Agreement Date, and continuing for as long as the Project or any modification of the Project remains in existence, but in any event no less than ninety nine (99) years from the date the Deed of Trust is recorded in the Official Records of San Francisco County (the "**Compliance Term**"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed. Borrower's covenants and agreements described in this

Declaration are a material part of the consideration for the City in making the Loan, and without Borrower's agreement to subject the Property to the Regulatory Obligations even after the Loan is satisfied, the City would be unwilling to make the Loan to Borrower.

AGREEMENT

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

1. Definitions. Any capitalized terms in this Declaration that are not defined herein shall have the meaning set forth in the Agreement. In the event of any conflict between the terms of this Declaration and the terms of the Agreement, the terms of the Agreement (including the following defined terms) shall control unless otherwise expressly stated. As used in this Declaration, the following words and phrases have the following meanings:

"Maximum Rent" means the total amount for rent and utilities (with the maximum allowance for utilities determined by the SFHA) charged to a Qualified Tenant. Maximum Rent must be approved by MOHCD and may not exceed: (i) the amount identified in the "100% of Median – Max Gross Rent" row and the applicable Unit type column in the Maximum Rent Table; or (ii) the tenant paid portion of the contract rent as determined by either (A) the SFHA for Qualified Tenants holding Section 8 vouchers or certificates, or (B) MOHCD for any other rent subsidy program.

"Maximum Rent Table" means the "Maximum Monthly Rent by Unit Type derived from the Unadjusted Area Median Income for HUD Metro Fair Market Rent Area that Contains San Francisco," as published annually by MOHCD, or a successor metric approved by MOHCD.

"Median Income" means 100% median income as published annually by MOHCD, or a successor metric approved by MOHCD, derived in part from income limits determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as "Unadjusted Median Income". MOHCD's current publication for determination of Median Income is the "Maximum Income by Household Size derived from the Unadjusted Area Median Income for HUD Metro Fair Market Rent Area that Contains San Francisco."

"Qualified Tenant" means a household occupying of the Project that has certified and been approved as earning no more than the maximum permissible annual income level allowed by the Agreement and that has entered into a lease with Borrower in a form approved by City. Qualified Tenant includes Direct Referral Tenants.

"Rent" means the monthly sum charged to Qualified Tenants for rent in accordance with this Declaration.

“Severely Rent Burdened” means a Qualified Tenant household paying monthly Rent that is fifty percent (50%) or more of its gross monthly income (as shown on the Qualified Tenant’s income certification required by Section 5 and confirmed by MOHCD).

“Unit” means a residential rental unit within the Project.

2. Regulatory Obligations. Borrower must comply with the Regulatory Obligations through the expiration of the Compliance Term, including without limitation those described in this Declaration, regardless of any reconveyance of the Deed of Trust.

3. Affordability and Restrictions.

(a) Restrictions. The Project may be occupied only by Qualified Tenants and their households. As provided in Section 7.2(b) of the Agreement, a Qualified Tenant may not be required to vacate the Unit due to subsequent rises in household income. Qualified Tenants must pay at least 20% of their gross household income towards Rent unless otherwise approved by MOHCD, provided that in no event shall any Qualified Tenant be required to pay Rent in excess of the lesser of (i) Maximum Rent, or (ii) 20% below the market rents of comparable units as approved by MOHCD, except as otherwise provided in this Declaration. To the extent possible and in compliance with MOHCD’s marketing procedures, Borrower will maximize the occupancy of the Units.

(b) Rents on Agreement Date. Required Rents for the Units as of the Agreement Date shall be as follows:

Unit Number	Unit Type	Rent (monthly payments) as of the Date of Close of the Loan
207	1-bedroom	\$1,129
209	Studio	\$694
212	Studio	\$1,326
214	Studio	\$1,608
222	Studio	\$884
310	Studio	\$826
317	Studio	\$927
402	Studio	\$745

414	Studio	\$826
415	Studio	\$1,608
201, 202, 204, 206, 208, 210, 211, 215, 216, 217, 218, 219, 220, 221, 301, 302, 303, 304, 306, 308, 309, 311, 312, 314, 315, 316, 318, 319, 320, 321, 401, 403, 404, 406, 408, 409, 410, 411, 412, 416, 417, 418, 419, 420, 421	Studio	Vacant
322, 422	Single Room Occupancy	Vacant
305, 307, 405, 407	1-bedroom	Vacant
203	Studio	Manager
205	1-bedroom	Manager

(c) Rents for Units at Turn Over. After the Agreement Date, the Rent for each Unit that becomes vacant and is not leased to a Direct Referral Tenant shall be set at the amount necessary to bring the Project's combined average Rents for all Units as close as is possible to but no higher than the amount calculated as 30% of 80% Median Income.

4. Rent Adjustments and Restrictions. Rent for all Units may be increased only once annually. Rent for all Units shall be increased annually on the anniversary of the Agreement Date by the greater of: (x) the percentage change in annual operating expenses, up to a maximum of 3.5%; or (y) 2%, except as follows:

(a) Reserved.

(b) Severely Rent Burdened Qualified Tenants. If the Rent increase described in this Section 4 results in any Qualified Tenant household becoming Severely Rent Burdened, Borrower is not required to increase the Rent of the Severely Rent Burdened Qualified Tenant until such time as the Qualified Tenant is no longer Severely Rent Burdened, provided that: (i) Borrower first demonstrates to the satisfaction of MOHCD, in MOHCD's sole discretion, that the Project maintains short- and long-term financial sustainability in the form of positive cash flow, adequately funded reserves, and other indicators as MOHCD may reasonably request; (ii) at each income recertification, the ability of all households to pay required rent increases will be reassessed, as will the Borrower cash flow, to ensure short- and long-term financial sustainability if Borrower elects not to impose

the required annual Rent increase for any Severely Rent Burdened Qualified Tenant; and (iii) all Regulatory Obligations continue to be met. Similarly, if the circumstances described in this subsection are met, a Unit becomes vacant and a Qualified Tenant demonstrates to Borrower that it is Severely Rent Burdened, Borrower may reduce such Qualified Tenant's Rent to a level no lower than 40% of that Qualified Tenant's gross monthly income, thus resulting in a higher Rent that will be required for the vacant Unit. If more than one Qualified Tenant is eligible for such a Rent reduction, the reduction shall be equally distributed among such eligible Qualified Tenants.

(c) Recovery of Project Expenses. With the City's prior written approval, Rent increases for Units exceeding the amounts permitted by this **Section 4** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) except as otherwise approved by MOHCD in its sole discretion, in no event may any Rent increase exceed the current rate of increase in Median Income in any year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the lesser of (y) Maximum Rent, or (z) 20% below the market rents of comparable units as approved by MOHCD. The City's approval for such Rent increases under this subsection shall not be unreasonably withheld.

(d) Rent Subsidy Programs. For those households that hold rent subsidy vouchers, such as Section 8, VASH and Direct Referral Tenants, on an annual basis Borrower shall request and use best efforts to receive an increase in contract rent equivalent to the percentage change in Fair Market Rent or equivalent payment standard, whichever is greater. For any Qualified Tenant participating in a rent or operating subsidy program where the rent charged is calculated as a percentage of household income, adjustments to Rent charged may be made according to the rules of the relevant subsidy program, and provided the Qualified Tenant paid portion of Rent does not exceed the lesser of (i) Maximum Rent or (ii) 20% below the market rents of comparable units as approved by MOHCD. For any Qualified Tenant that becomes ineligible to continue participating in a rent or operating subsidy program, rental increases shall not exceed Maximum Rent as approved by MOHCD or 50% of household income, whichever is less.

(e) Recovery of Property Tax Increases. In addition to the Rent increases contemplated in this **Section 4** and with the City's prior written approval, if a Qualified Tenant's household income exceeds eighty percent (80%) of California Median Income (as published by the California Department of Housing and Community Development) during occupancy of a Unit or if a Qualified Tenant fails to certify or recertify his/her/their household income to Borrower on an annual basis, Borrower may adjust the charges for Rent for such Qualified Tenant by no more than seven percent (7%) per year to absorb the amount of property taxes attributable to the Qualified Tenant's Unit as a result of the loss of the State of California's welfare exemption for low-income housing properties. The City may, in its sole discretion, require that Rent increases allowed under this subsection be implemented over a period of time in order to reduce the burden on an existing Qualified Tenant. Rents charged

under this subsection may not exceed the limits set forth in the SSP Guidelines as amended from time to time, or if not otherwise specified, the lesser of: (i) Maximum Rent; or (ii) 20% of a household's gross income. MOHCD must approve such Rent increases, which approval shall not be unreasonably withheld. If such Qualified Tenant's household income subsequently decreases and the Unit becomes eligible for the California welfare property tax exemption, Borrower may reduce such Qualified Tenant's Rent by the amount of property tax savings attributable to the Qualified Tenant's Unit.

(f) Excess Rent. If Borrower increases Rents or offers a vacant Unit for rent at a rate that exceeds the rules described in this Declaration, the resulting excess cash flow will be paid by Borrower to the Qualified Tenants who were overcharged, and Borrower's actions will constitute an Event of Default pursuant to Section 19 of the Agreement.

5. Certification.

(a) As a condition to initial occupancy, each person who desires to be a Qualified Tenant in the Project must sign and deliver to Borrower a certification in the then-current form (see current form attached to the Loan Agreement as Exhibit C), in which the prospective Qualified Tenant certifies that he/she or his/her household qualifies as a Qualified Tenant, and which certification is reviewed and approved by Borrower and the City. In addition, each person must provide any other information, documents or certifications deemed necessary by the City to substantiate the prospective tenant's income. Certifications provided to and accepted by the San Francisco Housing Authority will satisfy this requirement.

(b) Each Qualified Tenant in the Project must recertify its household income to Borrower as established by the SSP Guidelines and Small Sites Marketing and Leasing Manual, as amended from time to time.

(c) Income certifications with respect to each Qualified Tenant who resides in a Unit or resided therein during the immediately preceding calendar year must be maintained on file by Borrower, and Borrower must provide records thereof with the City promptly upon request by the City.

6. Nondiscrimination. Borrower agrees not to discriminate against or permit discrimination against any person or group of persons because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, disability, gender identity, height, weight, source of income or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC) in the operation and use of the Project except to the extent permitted by law or required by any other funding source for the Project. Borrower agrees not to discriminate against or permit discrimination against Qualified Tenants using Section 8 certificates or vouchers or assistance through other rental subsidy programs.

7. Remedies. During the Compliance Term the City may rely on this Declaration, the Deed of Trust and/or the Loan Agreement, in the City's discretion, to enforce any of the City's rights under the City Documents.

8. Covenants Run with the Land. This Declaration and the Regulatory Obligations constitute covenants running with the land and bind successors and assigns of Borrower and any non-borrower owner of the Property. In the event that Borrower fails to comply with the Regulatory Obligations to the City's satisfaction, in its sole discretion, within thirty (30) days of Borrower's receipt of notice from the City to so comply, the City at its option may exercise any rights available at equity or in law, including, without limitation, institute an action for specific performance. Borrower shall pay the City's costs in connection with the City's enforcement of the terms of this Declaration, including, without limitation, the City's attorneys' fees and costs.

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

BORROWER

MEDA SMALL PROPERTIES, LLC,
a California limited liability company

By: Mission Economic Development Agency
a California nonprofit public benefit corporation
Its: Sole Member and Manager

By: _____
Name: Luis Granados
Title: Chief Executive Officer

ALL SIGNATURES MUST BE NOTARIZED

EXHIBIT A

Legal Description of the Property

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Beginning at the point of intersection of the Westerly line of South Van Ness Avenue and the Southerly line of 16th Street; running thence Westerly along said line of 16th Street 175 feet and 1 inch, more or less, to a point which is distant thereon 106 feet and 3/4 of an inch Easterly from the Easterly line of Capp Street; thence at a right angle Southerly 87 feet and 6 inches; thence at a right angle Easterly 175 feet and 1 inch, more or less, to the Westerly line of South Van Ness Avenue; thence Northerly along said line of South Van Ness Avenue 87 feet and 6 inches to the point of beginning.

Being a portion of Mission Block No. 41.

Assessor's Lot 001; Block 3570

Street Address:
2901 16th Street
San Francisco, CA 94103