

1 [Loan Agreement - 936 Geary LP - 936-940 Geary Street - Small Sites Program - Up to
2 \$11,600,000]

3 **Resolution approving and authorizing the Director of the Mayor’s Office of Housing and**
4 **Community Development (“MOHCD”) to execute documents relating to a loan for the**
5 **permanent financing of 936 Geary LP for property located at 936-940 Geary Street,**
6 **pursuant to the Small Sites Program and the Preservation and Seismic Safety Program,**
7 **for a total loan amount not to exceed \$11,600,000; confirming the Planning**
8 **Department’s determination under the California Environmental Quality Act; finding**
9 **that the Project loan is consistent with the General Plan, and the eight priority policies**
10 **of Planning Code, Section 101.1; and authorizing the Director of MOHCD or their**
11 **designee to make certain modifications to such loan documents, and take certain**
12 **actions in furtherance of this Resolution, as defined herein.**

13
14 WHEREAS, The City and County of San Francisco, through the Mayor’s Office of
15 Housing and Community Development (“MOHCD”), is a leader in the creation and
16 preservation of affordable housing, offering a variety of loan and grant programs to
17 community-based organizations and housing developers to create and maintain affordable
18 housing and provide essential community and supportive services; and

19 WHEREAS, The funding for these loans and grants comes from a variety of sources,
20 all of which are restricted to affordable housing and are subject to various housing program
21 restrictions; and

22 WHEREAS, Among its programs, MOHCD administers the Small Sites Program (or
23 “SSP”) for the purpose of preserving and stabilizing San Francisco’s existing rental housing
24 stock of buildings, and converting those properties to permanently affordable housing; and

25

1 WHEREAS, Among its programs, MOHCD administers the Preservation and Seismic
2 Safety Program (“PASS Program”), which provides low-cost and long-term financing for the
3 acquisition, rehabilitation, and preservation of multi-family housing as well as seismic retrofits.
4 The PASS Program plays a critical role in advancing the City’s anti-eviction and preservation
5 strategies by providing access to a flexible source of financing not currently available on the
6 conventional market; and

7 WHEREAS, 936 Geary LP, a California limited partnership (“Borrower”) is a joint
8 development partnership between the San Francisco Housing Development Corporation and
9 Novin Development Corp; borrower owns property with a 33-unit building, including 31 studio
10 units and two commercial units, at 936-940 Geary Street in San Francisco’s Tenderloin
11 neighborhood (the “Project”); and

12 WHEREAS, The Borrower has requested, and MOHCD desires to loan, up to
13 \$7,400,000 in SSP funds through the AHF Inclusionary Small Sites Fund, the 2019 GO Bond
14 Fund, and the Downtown Neighborhoods Fund, and up to \$4,400,000 in new PASS Program
15 funds for the Project for a total of up to \$11,600,000 which will provide 31 studio units of
16 permanently affordable housing and 2 commercial units; and

17 WHEREAS, On February 2, 2024, the Citywide Affordable Housing Loan Committee,
18 consisting of representatives of MOHCD, the Department of Homelessness and Supportive
19 Housing, the Office of Community Investment and Infrastructure, and the Controller’s Office of
20 Public Finance recommended approval to the Mayor of a permanent loan for the Project in an
21 amount not to exceed \$11,600,000; and

22 WHEREAS, The form of loan documents (the “Loan Documents”) evidencing and
23 securing the SSP Program loan for the Project are on file with the Clerk of the Board in File
24 No. 240205, and include: a Declaration of Restrictions restricting the Project to affordable
25

1 housing; a Loan Agreement; a City Option to Purchase; one or more Promissory Notes; and
2 one or more Deeds of Trust; and

3 WHEREAS, A Declaration of Restrictions will restrict the Project as affordable housing
4 to low- and moderate-income households with annual maximum rent and income established
5 by MOHCD as long as all or any portion of the building remains on the property, but in no
6 event less than 99 years; and

7 WHEREAS, The Declaration of Restrictions for the Project will not be subordinated to
8 any third party financing instrument; and

9 WHEREAS, The Planning Department, by letter dated February 27, 2024, determined
10 that the proposed Project loan is not defined as a project under the California Environmental
11 Quality Act (“CEQA”) Guidelines Sections 15378 and 15060(c)(2), because it would not result
12 in a direct or indirect physical change in the environment, and is consistent, on balance, with
13 the General Plan, and the eight priority policies of Planning Code, Section 101.1, which letter
14 is on file with the Clerk of the Board of Supervisors in File No. 240205, and incorporated
15 herein by this reference; now, therefore, be it

16 RESOLVED, This Board affirms the Planning Department’s determination under CEQA
17 and finds that the proposed Project loan is consistent, on balance, with the General Plan, and
18 the eight priority policies of Planning Code, Section 101.1, for the reasons set forth in the
19 Director of Planning’s letter; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
21 Documents, and authorizes the Mayor and the Director of MOHCD or the Director’s designee
22 to negotiate and enter into agreements based upon and substantially in the form of the Loan
23 Documents for the Project (including, without limitation, modifications of the Loan Documents,
24 and preparation and attachment of, or changes to, any of all of the exhibits and ancillary
25 agreements) and any other documents or instruments necessary in connection therewith, that

1 the Director determines, in consultation with the City Attorney, are in the best interest of the
2 City, do not materially increase the obligations or liabilities for the City or materially diminish
3 the benefits of the City, or are necessary or advisable to effectuate the purposes and intent of
4 this Resolution and are in compliance with all applicable laws, including the City Charter; and,
5 be it

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

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

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

18

19

20 RECOMMENDED:

21 /s/ Daniel Adams

22 Daniel Adams

23 Director, Mayor's Office of Housing and Community Development

24

25