

1 [Lease and Amended and Restated Loan Agreement - Balboa Lee Avenue, L.P. - Balboa
2 Reservoir Building E - 100% Affordable Housing - \$15,000 Annual Base Rent - Not to Exceed
3 \$28,000,000]

4 **Resolution approving and authorizing the Director of Property and the Mayor's Office**
5 **of Housing and Community Development ("MOHCD") to enter into a Ground Lease for**
6 **Real Property owned by the City and located at 11 Frida Kahlo Way ("Property") with**
7 **Balboa Lee Avenue, L.P. ("Developer") for a lease term of 75 years and one 24-year**
8 **option to extend and an annual base rent of \$15,000 ("Ground Lease") in order to**
9 **construct a 100% affordable, 127-unit multifamily rental housing development**
10 **affordable to very-low and low-income households, plus one manager's unit; approving**
11 **and authorizing an Amended and Restated Loan Agreement in an amount not to**
12 **exceed \$28,000,000 for a minimum loan term of 57 years ("Loan Agreement") to finance**
13 **the development and construction of the Project; adopting findings that the Project and**
14 **proposed transactions are consistent with the General Plan, and the eight priority**
15 **policies of Planning Code, Section 101.1; and authorizing the Director of Property**
16 **and/or the Director of MOHCD to execute the Ground Lease, Loan Agreement, and**
17 **make certain modifications to such agreements, and take certain actions in furtherance**
18 **of this Resolution, as defined herein.**

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20 WHEREAS, The Balboa Reservoir Project ("Balboa Reservoir Project," a 17.6-acre site
21 located generally north of the Ocean Avenue commercial district, west of the City College of
22 San Francisco Ocean Campus, east of the Westwood Park neighborhood, and south of
23 Archbishop Riordan High School) includes four 100% affordable housing projects, as part of
24 the Balboa Reservoir Development Agreement (File No. 200423); and
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1 WHEREAS, In 2017, the City and County of San Francisco ("City") issued a Request
2 for Proposals ("RFP") for the disposition and development of the Project Site in accordance
3 with the selection criteria described in the RFP, in response to the RFP, the City evaluated
4 proposals from nine development teams, and selected a joint venture of BRIDGE Housing
5 Corporation, a nonprofit public benefit corporation ("BRIDGE") and AvalonBay Communities,
6 Inc. as the highest scoring proposer, the selected joint venture formed Reservoir Community
7 Partners, LLC, a Delaware limited liability company to plan, develop and execute the Balboa
8 Reservoir Project; and

9 WHEREAS, By Ordinance No. 142-20, the Board of Supervisors approved a
10 Development Agreement with Reservoir Community Partners, LLC, relating to the Balboa
11 Reservoir Project site (the "Development Agreement") under Administrative Code,
12 Chapter 56.

13 WHEREAS, BHC Balboa Builders, LLC, an affiliate of BRIDGE Housing Corporation,
14 purchased the Balboa Reservoir Project site pursuant to a Purchase and Sale Agreement
15 approved by this Board of Supervisors in Resolution No. 373-20;

16 WHEREAS, The Balboa Reservoir Project is a mixed-use, mixed-income development
17 with several different components: (i) construction of the public infrastructure; (ii) development
18 of private affordable housing on affordable parcels in accordance with an affordable housing
19 plan; (iii) development of private residential projects on market rate parcels; and (iv)
20 development of community improvements (e.g., open space areas, community facilities)
21 throughout the Property; and

22 WHEREAS, BRIDGE was selected as the developer of a 100% affordable, 127-unit
23 multifamily rental housing development affordable to very-low and low-income households,
24 plus one manager's unit known as Balboa Reservoir Building E ("Project"); and
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1 WHEREAS, BRIDGE has established Balboa Lee Avenue, L.P., a California
2 limited partnership (the “Developer”), as a separate entity under which to develop and
3 construct the Project; and

4 WHEREAS, The City will own, through the transfer from BHC Builders, LLC to the City
5 pursuant to the terms of the Development Agreement, certain real property located at 11 Frida
6 Kahlo Way in San Francisco, California, which is known as Assessor's Parcel Block No. 3180,
7 Lot No. 202 (the “Property”); and

8 WHEREAS, The City, acting through MOHCD, administers a variety of housing
9 programs that provide financing for the development of new affordable housing and the
10 rehabilitation of single- and multi-family housing for low- and moderate-income households
11 and resources for homeowners in San 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, By Ordinance No. 141-20, the Board of Supervisors made findings under
17 the California Environmental Quality Act (Public Resources Code, Sections 21000 et seq.)
18 and findings of consistency with the General Plan, and the eight priority policies of Planning
19 Code, Section 101.1, which Ordinance is on file with the Clerk of the Board of Supervisors in
20 File No. 200423 and is incorporated herein by reference; and

21 WHEREAS, MOHCD and the Director of Property have approved the form of the
22 Ground Lease between the City and the Developer (“Ground Lease”), pursuant to which the
23 City will lease the Property to the Developer for a term of 75 years and one 24-year option to
24 extend and a base rent of fifteen thousand dollars (\$15,000) per year, in exchange for the
25 Developer’s agreement, among other things, to construct and operate the Project with rent

1 levels affordable to households up to 80% of unadjusted San Francisco Area Median Income
2 (“AMI”), and a copy of the substantially final form of Ground Lease is on file with the Clerk of
3 the Board of Supervisors in File No. 250830, and is incorporated herein by reference; 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, MOHCD is also providing the Developer with financial assistance to
8 leverage equity from an allocation of low-income housing tax credits and tax exempt bonds in
9 order for Developer to construct the Project; and

10 WHEREAS, On April 4, 2025, the Citywide Affordable Housing Loan Committee,
11 consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of
12 Community Investment and Infrastructure, and the Controller’s Office of Public Finance
13 recommended approval to the Mayor of the Loan Agreement for the Project in an amount not
14 to exceed \$28,000,000 in local funds (“Loan Agreement”), and a copy of the substantially final
15 form of Loan Agreement and related documents are on file with the Clerk of the Board of
16 Supervisors in File No. 250830, and is incorporated herein by reference; and

17 WHEREAS, The Loan Agreement would be entered into under the following material
18 terms: (i) a minimum term of 57 years; (ii) an interest rate of zero percent (0%); (iii) annual
19 repayment of the loan by Developer through residual receipts from the Project; (iv) the Project
20 shall be restricted for life of the Project as affordable housing to low-income households with
21 annual maximum rent and income established by MOHCD; and (v) the loan shall be secured
22 by a deed of trust recorded against the Developer’s leasehold interest in the Property; now,
23 therefore, be it

24 RESOLVED, That the Board of Supervisors hereby adopts the findings contained in
25 Ordinance 142-20 regarding the California Environmental Quality Act for the Project, and

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

3 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project is
4 consistent with the General Plan, and with the eight priority policies of Planning Code,
5 Section 101.1 for the same reasons as set forth in Ordinance No. 142-20, and hereby
6 incorporates such findings by reference as though fully set forth in this Resolution; and, be it

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

20 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
21 Agreement and the transaction contemplated thereby in substantially the form presented to
22 the Board, and authorizes the Mayor and the Director of MOHCD, to execute and deliver the
23 Loan Agreement and any such other documents that are necessary or advisable to complete
24 the transaction contemplated by the Loan Agreement and to effectuate the purpose and intent
25 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 Ground Lease, Loan Agreement, and
4 any other documents or instruments necessary in connection therewith (including, without
5 limitation, preparation and attachment, or changes to, any of all of the exhibits and ancillary
6 agreements, and notices of special restrictions required for construction of the Project), that
7 the Director of Property and/or Director of MOHCD determine are in the best interests of the
8 City, 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 Ground Lease and Loan Agreement, and that
11 effectuate the purpose and intent of this Resolution, such determination to be conclusively
12 evidenced by the execution and delivery by the Director of Property and/or the Director of
13 MOHCD of any such additions, amendments, or other modifications; and, be it

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

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

23 FURTHER RESOLVED, That within thirty (30) days of the Ground Lease, Easement
24 Agreements, and Loan Agreement being fully executed by all parties, MOHCD shall provide
25 the final agreements to the Clerk of the Board for inclusion into the official file.

1 RECOMMENDED:

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4 /s/
Sarah R. Oerth, Director of Real Estate

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7 /s/
Daniel Adams, Director
8 Mayor's Office of Housing and Community Development
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