

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 substantially in the form approved by the Director
15 of Property and the Director of MOHCD and on file with the Clerk of the Board of Supervisors
16 in File No. 240884, incorporated herein by reference; and

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

19 WHEREAS, In consideration of the Borrower’s agreement to convey the Property to the
20 City, MOHCD will apply a credit of \$4,151,000 against the principal and accrued interest of the
21 Acquisition Loan, subject to the conditions as described in the Purchase Agreement; and

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

1 construct and operate the Project with rent levels affordable to households up to 80% of
2 MOHCD AMI; a copy of the Ground Lease in a form substantially approved is on file with the
3 Clerk of the Board of Supervisors in File No. 240884, and is incorporated herein by reference;
4 and

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

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

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

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

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

1 restricted for life of the Project as affordable housing to low-income households with annual
2 maximum rent and income established by MOHCD; and (v) the Loan Agreement shall be
3 secured by a deed of trust recorded against the Borrower's leasehold interest in the Property;
4 and

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

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

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

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

24 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
25 associated actions necessary to effectuate the Project) is consistent with the General Plan,

1 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
2 set forth in the Planning Department Letter, and hereby incorporates such findings by
3 reference as though fully set forth in this Resolution; and, be it

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

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 Purchase
11 Agreement, in substantially the form presented to the Board, and authorizes the Director of
12 MOHCD and the Director of Property to execute and deliver the Purchase Agreement, in
13 substantially the form presented to the Board, and any such other documents that are
14 necessary or advisable to complete the transaction contemplated by the Purchase
15 Agreement, and to effectuate the purpose and intent of this Resolution; and, be it

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

1 intent of this Resolution, such determination to be conclusively evidenced by the execution
2 and delivery by the Director of Property of any such documents; and, be it

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

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

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

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

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

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

