

1 [Loan Agreement - Sunnydale Infrastructure Phase 1A3 LLC - Sunnydale HOPE SF -
2 Infrastructure Improvements - Not to Exceed \$25,072,111]

3 **Resolution approving and authorizing the Director of the Mayor’s Office of Housing and**
4 **Community Development to execute an Amended and Restated Loan Agreement with**
5 **Sunnydale Infrastructure Phase 1A3 LLC, a California limited liability company, for a**
6 **total loan amount not to exceed \$25,072,111 to finance the second phase of**
7 **infrastructure improvements and housing development related to the revitalization and**
8 **master development of up to 1,770 units of replacement public housing, affordable**
9 **housing and market rate housing, commonly known as the Sunnydale HOPE SF**
10 **Development (“Sunnydale Project”); and adopting findings that the loan agreement is**
11 **consistent with the adopted Mitigation Monitoring and Reporting Program under the**
12 **California Environmental Quality Act, the General Plan, and the priority policies of**
13 **Planning Code, Section 101.1.**

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15 WHEREAS, HOPE SF is the nation’s first large-scale public housing transformation
16 collaborative aimed at disrupting intergenerational poverty, reducing social isolation, and
17 creating vibrant mixed-income communities without mass displacement of current residents;
18 and

19 WHEREAS, HOPE SF, the City’s signature anti-poverty and equity initiative, is
20 committed to breaking intergenerational patterns related to the insidious impacts of trauma
21 and poverty, and to creating economic and social opportunities for current public housing
22 residents through deep investments in education, economic mobility, health and safety; and

23 WHEREAS, The Housing Authority of the City and County of San Francisco (“SFHA”)
24 owns and operates 775 units of public housing on the approximately 50-acre site, known as
25 Sunnydale-Velasco; and

1 WHEREAS, The Sunnydale HOPE SF project, which is located in Visitacion Valley, is
2 generally bounded by McLaren Park to the north, Crocker Amazon Park on the west, Hahn
3 Street to the east, and Velasco Avenue to the south, is a mixed-use, mixed-income
4 development with several different components: (i) construction of the public infrastructure to
5 support Sunnydale-Velasco; (ii) development of private affordable housing on affordable
6 parcels in accordance with an affordable housing plan; (iii) development of private residential
7 projects on market rate parcels; and (iv) development of community improvements (e.g., open
8 space areas, community facilities) throughout Sunnydale-Velasco (the "Project"); and

9 WHEREAS, In 2007, SFHA issued a Request for Proposals (RFP), seeking submittals
10 from qualified respondents to develop the Project; and

11 WHEREAS, Mercy Housing Corporation, a California nonprofit public benefit
12 corporation ("Mercy"), in collaboration with the Related Company, a California corporation
13 ("Related"), jointly responded to the RFP and were selected to be the developer for the
14 Project; and

15 WHEREAS, Mercy and Related established a separate entity named Sunnydale
16 Development Co., LLC (the "Developer") under which to plan and develop the Project; and

17 WHEREAS, The Sunnydale HOPE SF master plan consists of (i) a maximum of 1,770
18 units, of which 775 are replacement units for existing Sunnydale-Velasco households,
19 approximately 200 are additional affordable housing units, and up to 730 units will be for
20 market rate homeownership or rental, (ii) all new streets and utility infrastructure, (iii) 3.6 acres
21 of new open spaces, and (iv) approximately 60,000 square feet of new neighborhood serving
22 spaces; and

23 WHEREAS, By Ordinance No. 18-17, the Board of Supervisors approved a
24 Development Agreement with the Developer relating to the Project Site (the "Development
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1 Agreement") under Administrative Code, Chapter 56, which Ordinance is on file with the Clerk
2 of the Board of Supervisors in File No. 161164 and is incorporated herein by reference; and

3 WHEREAS, By Ordinance No. 20-17, the Board of Supervisors made findings under
4 the California Environmental Quality Act (Public Resources Code, Sections 21000 et seq.)
5 and findings of consistency with the General Plan, and the eight priority policies of Planning
6 Code, Section 101.1, which Ordinance is on file with the Clerk of the Board of Supervisors in
7 File No. 161309 and is incorporated herein by reference; and

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

13 WHEREAS, MOHCD enters into loan agreements with affordable housing developers
14 and operators; administers loan agreements; reviews annual audits and monitoring reports;
15 monitors compliance with affordable housing requirements in accordance with capital funding
16 regulatory agreements; and if necessary, takes appropriate action to enforce compliance; and

17 WHEREAS, MOHCD provided Developer with loans to commence predevelopment
18 activities for the Project; and

19 WHEREAS, The Developer desires to commence the second phase of the Project,
20 which will include infrastructure improvements to facilitate the construction of approximately
21 127 public housing replacement units and 42 new affordable rental units, a new community
22 building, a realigned Sunnydale street segment, and an electrical switchgear to serve the
23 Project ("Phase 1A3 Project"); and

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1 WHEREAS, The Developer established a separate entity named Sunnydale
2 Infrastructure Phase 1A3 LLC (the “Infrastructure Developer”) to undertake the Phase 1
3 Project; and

4 WHEREAS, On November 5, 2021, the Citywide Affordable Housing Loan Committee,
5 consisting of MOHCD, Department of Homelessness and Supportive Housing, the Office of
6 Community Investment and Infrastructure, Office of the Controller and SFHA, recommended
7 approval to the Mayor of a loan to the Infrastructure Developer for the Phase 1A3 Project in a
8 total amount not to exceed \$25,072,111; and

9 WHEREAS, In order for the Infrastructure Developer to construct the Phase 1A3
10 Project, MOHCD desires to provide an additional loan in the amount not to exceed
11 \$19,272,111 and a total loan amount not to exceed \$25,072,111, to the Infrastructure
12 Developer pursuant to an Amended and Restated Loan Agreement (“Infrastructure
13 Agreement”) in substantially the form on file with the Clerk of the Board in File No. 211266,
14 and in such final form as approved by the Director of MOHCD and the City Attorney; and

15 WHEREAS, The material terms of the Infrastructure Agreement also include: (i) a
16 minimum term of 57 years; (ii) will bear no interest; and (iii) will be forgiven once the City
17 accepts the improvements and new streets; now, therefore, be it

18 RESOLVED, That the Board of Supervisors hereby adopts the findings contained in
19 Ordinance 20-17 regarding the California Environmental Quality Act for the Project, and
20 hereby incorporates such findings by reference as though fully set forth in this Resolution;
21 and, be it

22 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project is
23 consistent with the General Plan, and with the eight priority policies of Planning Code, Section
24 101.1 for the same reasons as set forth in Ordinance 20-17, and hereby incorporates such
25 findings by reference as though fully set forth in this Resolution; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors hereby approves the
2 Infrastructure Agreement and authorizes the Director of MOHCD or her designee to enter into
3 any amendments or modifications to the Agreement (including, without limitation, preparation
4 and attachment or, or changes to, any of all of the exhibits and ancillary agreements) and any
5 other documents or instruments necessary in connection therewith that the Director
6 determines, in consultation with the City Attorney, are in the best interest of the City, do not
7 materially increase the obligations or liabilities for the City or materially diminish the benefits of
8 the City, are necessary or advisable to effectuate the purposes and intent of this Resolution
9 and are in compliance with all applicable laws, including the City Charter; and, be it

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

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

19 FURTHER RESOLVED, That within thirty (30) days of the Infrastructure Agreement
20 being fully executed by all parties, MOHCD shall provide the final Infrastructure Agreement to
21 the Clerk of the Board for inclusion into the official file.

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Recommended

/s/
Eric D. Shaw, Director
Mayor's Office of Housing and Community Development