

1 [Ground Lease, Easement Agreements, and Amended and Restated Loan Agreement - 160
2 Freelon Housing Partners, L.P. - 160 Freelon Street - 100% Affordable Housing - \$15,000
Annual Base Rent - Loan Not to Exceed \$22,577,900]

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4 **Resolution 1) approving and authorizing the Director of Property and the Director of the**
5 **Mayor’s Office of Housing and Community Development (“MOHCD”) to enter into a**
6 **Ground Lease for real property owned by the City located at 160 Freelon Street**
7 **(“Property”) with 160 Freelon Housing Partners, L.P. (“Developer”) for a lease term of**
8 **75 years and one 24-year option to extend and an annual base rent of \$15,000 (“Ground**
9 **Lease”) in order to construct a 100% affordable, 84-unit multifamily rental housing**
10 **development affordable to low-income households, plus one manager’s unit, including**
11 **22 Local Operating Subsidy Program units reserved for formerly homeless households**
12 **and five units for referrals from the City’s Plus Housing List (the “Project”); 2)**
13 **approving and authorizing an Amended and Restated Loan Agreement in an amount**
14 **not to exceed \$22,577,900 for a minimum loan term of 57 years (“Loan Agreement”)**
15 **with Developer to finance the development and construction of the Project; 3)**
16 **approving and authorizing easement agreements between the City, 598 Brannan Street**
17 **Phase 1, L.L.C., and the Developer to benefit the Project and maintain compliance with**
18 **the Building Code and Fire Code (“Easement Agreements”); 4) determining that the**
19 **less than market rent payable under the Ground Lease will serve a public purpose by**
20 **providing affordable housing for low-income households in need, in accordance with**
21 **Administrative Code, Section 23.30; 5) adopting findings declaring that the Property is**
22 **“exempt surplus land” pursuant to the California Surplus Lands Act; 6) adopting**
23 **findings that the Project and proposed transactions are consistent with the General**
24 **Plan, and the eight priority policies of Planning Code, Section 101.1; and 7) authorizing**
25 **the Director of Property and/or the Director of MOHCD to execute the Ground Lease,**

1 **Loan Agreement, and Easement Agreements, make certain modifications to such**
2 **agreements, and take certain actions in furtherance of this Resolution, as defined**
3 **herein.**

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5 WHEREAS, The City and County of San Francisco (“City”) owns certain real property
6 located at 160 Freelon Street in San Francisco, California, which is comprised of
7 approximately 13,091 square feet and known as Assessor's Parcel Block No. 3777, Lot No.
8 176 (the “Property”); and

9 WHEREAS, Pursuant to Resolution 112-23, the City acquired the Property from 598
10 Brannan Street Phase 1, L.L.C. (“Seller”), and placed the Property under the jurisdiction of the
11 Mayor’s Office of Housing and Community Development (“MOHCD”) for the purpose of
12 developing affordable housing on the Property; and

13 WHEREAS, The City, acting through MOHCD, administers a variety of housing
14 programs that provide financing for the development of new affordable housing and the
15 rehabilitation of single- and multi-family housing for low- and moderate-income households
16 and resources for homeowners in San Francisco; and

17 WHEREAS, MOHCD provides loans to affordable housing developers and operators;
18 administers loan agreements; reviews annual audits and monitoring reports; monitors
19 compliance with affordable housing requirements in accordance with capital funding
20 regulatory agreements; and if necessary, takes appropriate action to enforce compliance; and

21 WHEREAS, On November 30, 2020, MOHCD issued a Multi-Site Request for
22 Qualifications (“RFQ”), for a developer to work with the City to develop affordable housing on
23 the Property; and

24 WHEREAS, The Related Companies of California, LLC, a California limited liability
25 company (“Related”), and San Francisco Housing Development Corporation (“SFHDC”), a

1 California nonprofit public benefit corporation, responded to the RFQ and were selected as
2 the joint developers of a 100% affordable, 84-unit multifamily rental housing development
3 affordable to low-income households, plus one manager’s unit, including twenty-two (22)
4 Local Operating Subsidy Program units reserved for formerly homeless households and five
5 units for referrals from the City’s Plus Housing List (collectively, the “Project”); and

6 WHEREAS, Related and SFHDC formed 160 Freelon Housing Partners, L.P., a
7 California limited partnership (the “Developer”), to develop and construct the Project;
8 and

9 WHEREAS, By letter dated February 6, 2023 (the “General Plan Referral”), the
10 Planning Department by case No. 2023-000990GPR determined that the Project is
11 consistent with the General Plan, and eight priority policies of Planning Code,
12 Section 101.1; a copy of the General Plan Referral is on file with the Clerk of the Board
13 of Supervisors in File No. 250461, and is incorporated herein by reference; and

14 WHEREAS, On February 9, 2023, by Notice of Final Approval of an AB 2162 Project,
15 the Planning Department determined that the development of the Project met all the
16 standards of the Planning Code and would be eligible for ministerial approval under California
17 Government Code, Section 66583 (Assembly Bill 2162), and CEQA Guidelines, Sections
18 15002(i)(1), 15268 and 15369, and would therefore not be subject to the California
19 Environmental Quality Act (CEQA); said determination is on file with the Clerk of the Board of
20 Supervisors in File No. 250461 and is incorporated herein by reference; and

21 WHEREAS, The Property is owned in fee simple by City but it is “exempt surplus land”,
22 as defined in California Government Code, Section 54221, because the Project will be a
23 100% affordable housing project under California Government Code,
24 Section 54221(f)(1)(F)(i); and

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1 WHEREAS, The MOHCD Director and the Director of Property have approved the form
2 of the Ground Lease between the City and the Developer (“Ground Lease”), pursuant to which
3 the City will lease the Property to the Developer for a term of 75 years and one 24-year option
4 to extend and a base rent of \$15,000 per year, in exchange for the Developer’s agreement,
5 among other things, to construct and operate the Project with rent levels affordable to
6 households up to 80% of unadjusted San Francisco Area Median Income published by
7 MOHCD, and a copy of the substantially final form of Ground Lease is on file with the Clerk of
8 the Board of Supervisors in File No. 250461, and is incorporated herein by reference; and

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

12 WHEREAS, In order to construct and maintain the Project in compliance with San
13 Francisco Building Code and San Francisco Fire Code, Seller has agreed to grant to the City
14 and the Developer easements across Seller’s adjacent real property to ensure the Project
15 remains in such compliance and benefit the Project at no cost to the City, on the terms and
16 conditions set forth in the easement agreements (collectively, the “Easement Agreements”),
17 including limited City indemnification of Seller in certain circumstances; copies of the
18 substantially final forms of easements are on file with the Clerk of the Board of Supervisors in
19 File No. 250461; and

20 WHEREAS, MOHCD is also providing the Developer with financial assistance to
21 leverage equity from an allocation of low-income housing tax credits and tax exempt bonds in
22 order for Developer to construct the Project; and

23 WHEREAS, On April 4, 2025, the Citywide Affordable Housing Loan Committee,
24 consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of
25 Community Investment and Infrastructure, and the Controller’s Office of Public Finance

1 recommended approval to the Mayor of the Loan Agreement for the Project in an amount not
2 to exceed \$22,577,900 in local funds, and a copy of the substantially final form of Loan
3 Agreement and related documents are on file with the Clerk of the Board of Supervisors in
4 File No. 250461, and are incorporated herein by reference; and

5 WHEREAS, The Loan Agreement would be entered into under the following material
6 terms: (i) a minimum term of 57 years; (ii) an interest rate of up to three percent (3%); (iii)
7 annual repayment of the loan by Developer through residual receipts from the Project; (iv) the
8 Project shall be restricted for life of the Project as affordable housing to low-income
9 households with annual maximum rent and income established by MOHCD; and (v) the loan
10 shall be secured by a deed of trust recorded against the Developer's leasehold interest in the
11 Property; a copy of the substantially final forms of the Loan Agreement, promissory note, deed
12 of trust, and declaration of restrictions is on file with the Clerk of the Board of Supervisors in
13 File No. 250461, and is incorporated herein by reference; now, therefore, be it

14 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
15 associated actions necessary to effectuate the Project) is consistent with the General Plan,
16 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
17 set forth in the General Plan Referral, which letter is on file with the Clerk of the Board of
18 Supervisors in File No. 230263, and hereby incorporates such findings by reference as though
19 fully set forth in this Resolution; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors hereby finds, in consideration
21 of the foregoing, that the Property is surplus to the City's needs and not necessary for the
22 City's use, and further declares it to be "exempt surplus land" under Government Code,
23 Sections 54221 and 54221(f)(1)(F)(i), because the Project will restrict 100% of the residential
24 units to low-income persons and families; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the City and
2 the Project will benefit from the Easement Agreements, including limited City indemnification
3 of Seller in certain circumstances, which are serving a public purpose by allowing the
4 construction of affordable housing for low-income households in need on the Property; and,
5 be it

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

19 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Easement
20 Agreements and the transaction contemplated thereby in substantially the form presented to
21 the Board, and authorizes the Director of Property and the Director of MOHCD, to execute
22 and deliver the Easement Agreements and any such other documents that are necessary or
23 advisable to complete the transaction contemplated by the Easement Agreements and to
24 effectuate the purpose and intent of this Resolution; and, be it

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1 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
2 Agreement and the transaction contemplated thereby in substantially the form presented to
3 the Board, and authorizes the Mayor and the Director of MOHCD, to execute and deliver the
4 Loan Agreement and any such other documents that are necessary or advisable to complete
5 the transaction contemplated by the Loan Agreement and to effectuate the purpose and intent
6 of this Resolution; and, be it

7 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
8 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any
9 additions, amendments, or other modifications to the Ground Lease, Easement Agreements,
10 Loan Agreement, and any other documents or instruments necessary in connection therewith
11 (including, without limitation, preparation and attachment, or changes to, any of all of the
12 exhibits, ancillary agreements, and notices of special restrictions required for construction of
13 the Project), that the Director of Property and/or Director of MOHCD determine are in the best
14 interests of the City, do not materially decrease the benefits to the City with respect to the
15 Property, do not materially increase the obligations or liabilities of the City, and are necessary
16 or advisable to complete the transaction contemplated in the Ground Lease, Easement
17 Agreements, and Loan Agreement, and that effectuate the purpose and intent of this
18 Resolution, such determination to be conclusively evidenced by the execution and delivery by
19 the Director of Property and/or the Director of MOHCD of any such additions, amendments, or
20 other modifications; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
22 delegates to the Director of MOHCD and/or the Director of Property, the authority to
23 undertake any actions necessary to protect the City's financial security in the Property and
24 enforce the affordable housing restrictions, which may include, without limitation, acquisition
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