

1 [Loan Agreement - 22, 102, and 104-106 South Park Street - Not to Exceed \$30,500,000]

2

3 **Resolution approving and authorizing the execution of a Loan Agreement with**
4 **MHDC South Park Properties, L.P., a California limited partnership, in an amount not**
5 **to exceed \$30,500,000 for a minimum term of 55 years for a portion of the loan**
6 **amount and a minimum term of 40 years for another portion of the loan amount**
7 **based on the requirements of the funding sources, to finance the acquisition and**
8 **rehabilitation of a 108-unit affordable multifamily rental housing project for low**
9 **income households, consisting of three structures located at 22, 102, and 104-106**
10 **South Park Street; and adopting findings that the Loan Agreement is consistent with**
11 **the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

12

13 WHEREAS, The City and County of San Francisco, acting through the Mayor's
14 Office of Housing and Community Development ("MOHCD"), administers a variety of
15 housing programs that provide financing for the development of new housing and the
16 rehabilitation of single- and multi-family housing for low- and moderate-income households
17 in San Francisco; and

18 WHEREAS, Among its programs, MOHCD administers the Preservation and
19 Seismic Safety Program ("PASS Program"), which provides low-cost and long-term
20 financing for the acquisition, rehabilitation, and preservation of multi-family housing as well
21 as seismic retrofits. The PASS Program plays a critical role in advancing the City's anti-
22 eviction and preservation strategies by providing access to a nimble source of financing not
23 currently available on the conventional market; and

24 WHEREAS, MOHCD enters into loan agreements with affordable housing
25 developers and operators; administers loan agreements; reviews annual audits and

1 monitoring reports; monitors compliance with affordable housing requirements in
2 accordance with capital funding regulatory agreements; and if necessary, takes appropriate
3 action to enforce compliance; and

4 WHEREAS, MHDC South Park Properties, L.P., (or an affiliate thereof or successor
5 thereto) (the "Borrower") desires to acquire and rehabilitate 108 units of affordable
6 residential rental housing located at 22, 102, and 106 South Park Street, San Francisco,
7 California 94107 ("South Park Scattered Sites" or the "Project"); and

8 WHEREAS, The Planning Department, by letter dated February 5, 2020, found that
9 the Project was determined to be categorically exempt from the California Environmental
10 Quality Act ("CEQA") under CEQA Guidelines, Section 15301, and is consistent, on
11 balance, with the General Plan, and with the Nine Priority Policies of City Housing Element
12 and Three Priority Policies of City Commerce and Industry Element, and made findings in
13 connection therewith (the "General Plan Consistency Determination"), a copy of which is on
14 file with the Clerk of the Board of Supervisors in File No. 200219 and is incorporated into
15 this Resolution by reference; and

16 WHEREAS, On February 7, 2020, and February 21, 2020, the Citywide Affordable
17 Housing Loan Committee, consisting of MOHCD, Department of Homeless and Supportive
18 Housing, and the Office of Community Investment and Infrastructure, recommended
19 approval to the Mayor of a loan for the South Park Scattered Sites Project in an amount not
20 to exceed \$30,500,000; and

21 WHEREAS, To leverage equity from an allocation of low-income housing tax credits,
22 issuance of tax exempt bonds, and other funding sources in order for Sponsor to construct
23 the South Park Scattered Sites Project, MOHCD desires to provide a loan in the amount
24 not to exceed \$30,500,000 to the Sponsor pursuant to a Loan Agreement ("Agreement") in
25 substantially the form on file with the Clerk of the Board of Supervisors in File No. 200219,

1 and in such final form as approved by the Acting Director of MOHCD and the City Attorney;
2 and

3 WHEREAS, The material terms of the Agreement include: (i) a minimum term of 55
4 years for a portion of the loan amount and a minimum term of 40 years for another portion
5 of the loan amount based on the requirements of the funding sources; (ii) interest rates
6 shall be set at distinct rates for portions of the funds as follows: 3%; a PASS blended rate
7 of up to 3.409% comprised of three interest rates including 5.16725%, 1.38908% and
8 1.38908%; Applicable Federal Rate, compounded annually ; (iii) annual repayment of the
9 loan through residual receipts from the South Park Scattered Sites Project; (iv) the South
10 Parks Scattered Sites Project shall be restricted for (a) the Seventy Fifth (75th) anniversary
11 of the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County,
12 even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed or (b)
13 the end of the Life of the Project; provided, however, that if the Life of the Project is less
14 than 75 years due to casualty, then the end date of the Life of the Project controls, as
15 affordable housing to low-income households with annual maximum rent and income
16 established by MOHCD; (v) the loan shall be secured by a deed of trust recorded against
17 the Sponsor's interest in the South Park Scattered Sites Project; now, therefore, be it

18 RESOLVED, That the Board of Supervisors hereby finds that the South Park
19 Scattered Sites Project is consistent with the General Plan, and the Nine Priority Policies of
20 City Housing Element and Three Priority Policies of City Commerce and Industry Element
21 or the same reasons as set forth in the General Plan Consistency Determination; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors hereby approves the
23 Agreement and authorizes the Mayor and the Acting Director of MOHCD or his designee to
24 enter into any amendments or modifications to the Agreement (including, without limitation,
25 preparation and attachment or, or changes to, any of all of the exhibits and ancillary

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

7 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
8 delegates to the Mayor and Acting Director of MOHCD, and his designee, the authority to
9 undertake any actions necessary to protect the City’s financial security in the South Park
10 Scattered Sites Project and enforce the affordable housing restrictions, which may include,
11 curing the default under a senior loan; and, be it

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

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

18
19
20
21
22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

RECOMMENDED:

Dan Adams
Acting Director, Mayor's Office of Housing and Community Development