

1 [Loan Agreement - Potrero Housing Associates II, L.P. - 100% Affordable Housing - Not to
2 Exceed \$17,680,000]

3 **Resolution approving and authorizing the Director of the Mayor’s Office of Housing**
4 **and Community Development to execute an Amended and Restated Loan Agreement**
5 **with Potrero Housing Associates II, L.P., a California limited partnership, for a total**
6 **loan amount not to exceed \$17,680,000 to finance the construction of a 157-unit**
7 **multifamily rental housing development for low-income households, which will be**
8 **known as Potrero HOPE SF Block B (the "Project"); and adopting findings that the**
9 **loan agreement is consistent with the adopted Mitigation Monitoring and Reporting**
10 **Program under the California Environmental Quality Act, General Plan, and the eight**
11 **priority policies of Planning Code, Section 101.1.**

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13 WHEREAS, In August 2007, the San Francisco Board of Supervisors
14 established the HOPE SF program to fund revitalization of San Francisco’s most
15 distressed public housing (Ordinance Nos. 180-07 and 556-07); and

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

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

1 WHEREAS, The Housing Authority of the City and County of San Francisco (“SFHA”)
2 owns and operates 619 units of public housing on the approximately 38-acre site, known as
3 Potrero Annex and Terrace; and

4 WHEREAS, In October 2007, the Housing Authority of San Francisco (“SFHA”)
5 issued a Request for Qualifications to Redevelop Authority Property for seven sites
6 including Potrero Terrace and Potrero Annex (“Potrero”); and

7 WHEREAS, In March 2008, the SFHA Board of Commissioners selected BRIDGE
8 Housing Corporation, a California nonprofit public benefit corporation (“BRIDGE”) as
9 the developer for the revitalization of Potrero through HOPE SF; and

10 WHEREAS, In April 2008, the Mayor’s Office of Housing and Community
11 Development (“MOHCD”) issued a Notice of Funding Availability for selected HOPE SF
12 developers and BRIDGE Housing Corporation was recipient for Potrero; and

13 WHEREAS, BRIDGE established a separate entity named Potrero Community
14 Associates, LLC (the “Developer”) under which to plan and develop the Potrero HOPE SF
15 Master Plan; and

16 WHEREAS, The Potrero HOPE SF Master Plan consists of (i) a maximum of 1,700
17 units, of which 619 are replacement units for existing Potrero Annex and Terrace households,
18 approximately 181 are additional affordable housing units, and up to 800 units will be for
19 market rate homeownership or rental, (ii) all new streets and utility infrastructure, (iii) 3.5 acres
20 of new open spaces, and (iv) approximately 50,000 square feet of new neighborhood serving
21 spaces; and

22 WHEREAS, By Ordinance No. 15-17, the Board of Supervisors approved a
23 Development Agreement with the Developer relating to the Project Site (the "Development
24 Agreement") under Administrative Code, Chapter 56, which Ordinance is on file with the Clerk
25 of the Board of Supervisors in File No. 161161 and is incorporated herein by reference; and

1 WHEREAS, By Ordinance No. 19-17, the Board of Supervisors made findings under
2 the California Environmental Quality Act (Public Resources Code, Sections 21000 et seq.)
3 and findings of consistency with the General Plan, and the eight priority policies of Planning
4 Code, Section 101.1, which Ordinance is on file with the Clerk of the Board of Supervisors in
5 File No. 161309 and is incorporated herein by reference; and

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

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

15 WHEREAS, The Developer desires to commence the second affordable housing
16 development of the Master Plan, which will include construction of approximately 117 public
17 housing replacement units and 38 new affordable rental units in Potrero HOPE SF Block B
18 (the, “Project”); and

19 WHEREAS, The Developer established a separate entity named Potrero Housing
20 Associates II, L.P., a California limited partnership (the “Potrero Block B Developer”) to
21 undertake the Project; and

22 WHEREAS, MOHCD provided Potrero Block B Developer with loans to commence
23 predevelopment activities for the Project; and

24 WHEREAS, On May 6, 2022, the Citywide Affordable Housing Loan Committee,
25 consisting of MOHCD, Department of Homelessness and Supportive Housing, the Office of

1 Community Investment and Infrastructure, Controller’s Office of Public Finance and SFHA,
2 recommended approval to the Mayor of a loan to the Potrero Block B Developer for the
3 Project in a total amount not to exceed \$17,680,000; and

4 WHEREAS, To leverage funding sources in order for the Potrero Block B Developer to
5 construct the Project, MOHCD desires to provide a loan in the amount not to exceed
6 \$17,680,000 to the Potrero Block B Developer pursuant to an Amended and Restated Loan
7 Agreement (“Agreement”) in substantially the form on file with the Clerk of the Board in File
8 No. 220759, and in such final form as approved by the Director of MOHCD and the City
9 Attorney; and

10 WHEREAS, The material terms of the Agreement also include: (i) a minimum term of
11 57 years; and (ii) will bear interest at 3% per annum; now, therefore, be it

12 RESOLVED, That the Board of Supervisors hereby adopts the findings contained in
13 Ordinance No. 19-17 regarding the California Environmental Quality Act for the Project, and
14 hereby incorporates such findings by reference as though fully set forth in this Resolution;
15 and, be it

16 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project is
17 consistent with the General Plan, and with the eight priority policies of Planning Code, Section
18 101.1 for the same reasons as set forth in Ordinance No. 19-17, and hereby incorporates
19 such findings by reference as though fully set forth in this Resolution; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors hereby approves the
21 Agreement and authorizes the Director of MOHCD or his or her designee to enter into any
22 amendments or modifications to the Agreement (including, without limitation, preparation and
23 attachment or, or changes to, any of all of the exhibits and ancillary agreements) and any
24 other documents or instruments necessary in connection therewith that the Director
25 determines, in consultation with the City Attorney, are in the best interest of the City, do not

1 materially increase the obligations or liabilities for the City or materially diminish the benefits of
2 the City, are necessary or advisable to effectuate the purposes and intent of this Resolution
3 and are in compliance with all applicable laws, including the City Charter; and, be it

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

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

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

1 Recommended

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3 /s/ _____

4 Eric D. Shaw, Director

5 Mayor's Office of Housing and Community Development

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