

1 [Ground Lease, License, and Amended and Restated Loan Agreement - 1979 Mission Street
2 PSH Associates, L.P. - 2970-16th Street - 100% Affordable Housing - \$1 Annual Base Rent -
Loan Not to Exceed \$61,163,787]

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4 **Resolution 1) approving and authorizing the Director of Property and the Mayor's**
5 **Office of Housing and Community Development ("MOHCD") to enter into a Ground**
6 **Lease for real property owned by the City and located at 2970-16th Street with 1979**
7 **Mission Street PSH Associates, L.P. ("Developer") for a lease term of 75 years and one**
8 **24-year option to extend and an annual base rent of \$1.00 ("Ground Lease") in order to**
9 **construct a 100% affordable, 136-unit multifamily rental housing development as**
10 **permanent supportive housing for formerly homeless households or households at**
11 **risk of homelessness (the "Project"); 2) approving and authorizing an Amended and**
12 **Restated Loan Agreement in an amount not to exceed \$61,163,787 for a minimum loan**
13 **term of 57 years ("Loan Agreement") to finance the development and construction of**
14 **the Project; 3) approving and authorizing the Director of Property and MOHCD to enter**
15 **into a License Agreement for real property owned by the City with Developer for \$0 for**
16 **up to three years to allow construction staging for the Project ("License Agreement");**
17 **4) determining that the less than market rent payable under the Ground Lease and**
18 **License Agreement will serve a public purpose by providing affordable housing for**
19 **low-income households in need, in accordance with Administrative Code, Section**
20 **23.30; 5) adopting findings declaring that the Property is "exempt surplus land"**
21 **pursuant to the California Surplus Lands Act; 6) adopting findings that the Project and**
22 **proposed transactions are consistent with the General Plan, and the eight priority**
23 **policies of Planning Code, Section 101.1; and 7) authorizing the Director of Property**
24 **and/or the Director of MOHCD to execute the Ground Lease, Loan Agreement, and**

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

3
4 WHEREAS, Under Resolution No. 547-21, the Board of Supervisors authorized the
5 Director of Property to acquire real property located at 1979 Mission Street, in San Francisco,
6 California (the "Site"), from CH Acquisitions 2, LLC, as a land dedication in accordance with
7 Planning Code, Section 249.33 and place the Property under the jurisdiction of the Mayor's
8 Office of Housing and Community Development ("MOHCD") for the purpose of developing
9 new affordable housing on the Site; and

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

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

19 WHEREAS, On August 3, 2023, MOHCD issued a Request for Qualifications ("RFQ"),
20 for a developer to work with the City to develop affordable housing on the Site; and

21 WHEREAS, Mission Housing Development Corporation, a California nonprofit public
22 benefit corporation ("MHDC"), and Mission Economic Development Agency, a California
23 nonprofit public benefit corporation ("MEDA"), jointly responded to the RFQ and were selected
24 as the developer of 100% affordable housing on the Site; and

1 WHEREAS, MHDC and MEDA have established 1979 Mission Street PSH
2 Associates, L.P., a California limited partnership (the “Developer”), as a separate entity
3 under which to develop and construct a 100% affordable, 136-unit multifamily rental
4 housing development as permanent supportive housing for formerly homeless
5 households and households at risk of homelessness (the “Project”); and

6 WHEREAS, The Site will be subdivided into three parcels, which includes a new
7 parcel to be located at 2970 16th Street in San Francisco, California, comprised of
8 approximately 13,888 square feet (the “Property”), and Developer intends to develop
9 and construct the Project on the Property; and

10 WHEREAS, On May 27, 2025, by Planning Approval Letter of an AB 2162 Project
11 (“Planning Approval Letter”), the Planning Department determined that the development of the
12 Project (1) is consistent with the City’s General Plan, and eight priority policies of Planning
13 Code, Section 101.1, and (2) met all the standards of the Planning Code and would be eligible
14 for ministerial approval under California Government Code, Section 66583 (Assembly Bill
15 2162), and CEQA Guidelines, Sections 15002(i)(1), 15268 and 15369, and would therefore
16 not be subject to the California Environmental Quality Act (CEQA), and a copy of the Planning
17 Approval Letter is on file with the Clerk of the Board of Supervisors in File
18 No. _____, and is incorporated herein by reference; and

19 WHEREAS, The Property is owned in fee simple by City but it is “exempt surplus land”,
20 as defined in California Government Code Section 55421(b)(1), because the Project will be a
21 100% affordable housing project under California Government Code Section 55421(f)(1)(F)(i);
22 and

23 WHEREAS, MOHCD and the Director of Property have approved the form of the
24 Ground Lease between the City and the Developer (“Ground Lease”), pursuant to which the
25 City will lease the Property to the Developer for a term of 75 years and one 24-year option to

1 extend and a base rent of one dollar (\$1.00) per year, in exchange for the Developer's
2 agreement, among other things, to construct and operate the Project, and a copy of the
3 substantially final form of Ground Lease is on file with the Clerk of the Board of Supervisors in
4 File No. _____, and is incorporated herein by reference; and

5 WHEREAS, In order to construct the Project, City and Developer will enter into that
6 certain License Agreement whereby City grants to the Developer use of the City's real
7 property adjacent to the Project for construction staging and storage during construction of the
8 Project at no cost ("License Agreement"), a copy of which is on file with the Clerk of the Board
9 of Supervisors in File No. _____; and

10 WHEREAS, The proposed rent of the Ground Lease and the proposed fee of the
11 License Agreement are each less than Market Rent (as defined in Administrative Code,
12 Section 23.2), but the lower rent under the Ground Lease and zero fee under the License
13 Agreement will each serve a public purpose by providing affordable housing for low-income
14 households in need; and

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

18 WHEREAS, On September 26, 2025, the Citywide Affordable Housing Loan
19 Committee, consisting of MOHCD, Department of Homeless and Supportive Housing, the
20 Office of Community Investment and Infrastructure, and the Controller's Office of Public
21 Finance recommended approval to the Mayor of the Loan Agreement for the Project in an
22 amount not to exceed \$61,163,787 in funds, and a copy of the substantially final form of Loan
23 Agreement and related documents are on file with the Clerk of the Board of Supervisors in
24 File No. _____, and is incorporated herein by reference; and

1 WHEREAS, The Loan Agreement would be entered into under the following material
2 terms: (i) a minimum term of 57 years; (ii) an interest rate of up to one percent (1%); (iii)
3 annual repayment of the loan by Developer through residual receipts from the Project; (iv) the
4 Project shall be restricted for life of the Project as permanent supportive housing with annual
5 maximum rent and income established by MOHCD; and (v) the loan shall be secured by a
6 deed of trust recorded against the Developer's leasehold interest in the Property; now,
7 therefore, be it

8 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
9 associated actions necessary to effectuate the Project) is consistent with the General Plan,
10 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
11 set forth in the Planning Approval Letter, which letter is on file with the Clerk of the Board of
12 Supervisors in File No. _____, and hereby incorporates such findings by reference as
13 though fully set forth in this Resolution; and, be it

14 RESOLVED, That the Board of Supervisors hereby finds, in consideration of the
15 foregoing, that the Property is surplus to the City's needs and not necessary for the City's use,
16 and further declares it to be "exempt surplus land" under Government Code, Section 54221
17 and 54221(f)(1)(F)(i); and, be it

18 FURTHER RESOLVED, That in accordance with the recommendation of the Director
19 of MOHCD and the Director of Property, the Board of Supervisors approves the Ground
20 Lease in substantially the form presented to the Board, and authorizes the Director of
21 Property (or the Director's designee, as used throughout) and Director of MOHCD (or the
22 Director's designee, as used throughout), to execute and deliver the Ground Lease, in
23 substantially the form presented to the Board, and any such other documents or agreements
24 (including such agreements to provide adequate or additional security or indemnities as
25 required by lenders to consummate the financing of the Project or lease of the Property) that

1 are necessary or advisable, in consultation with the City Attorney, to complete the transaction
2 contemplated by the Ground Lease and to effectuate the purpose and intent of this
3 Resolution, and determines that the less than Market Rent payable under the Ground Lease
4 will serve a public purpose by providing affordable housing for low-income households in
5 need; and, 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 License
8 Agreement 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 License Agreement, in
11 substantially the form presented to the Board, and any such other documents or agreements
12 that are necessary or advisable, in consultation with the City Attorney, to complete the
13 transaction contemplated by the License Agreement and to effectuate the purpose and intent
14 of this Resolution, and determines that providing the License Agreement to the Developer at
15 no cost will serve a public purpose by providing affordable housing for low-income households
16 in need; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
18 Agreement and the transaction contemplated thereby in substantially the form presented to
19 the Board, and authorizes the Mayor and the Director of MOHCD, to execute and deliver the
20 Loan Agreement and any such other documents or agreements (including such agreements
21 required by lenders to consummate the financing of the Project) that are necessary or
22 advisable, in consultation with the City Attorney, to complete the transaction contemplated by
23 the Loan Agreement and to effectuate the purpose and intent of this Resolution; and, be it

24 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
25 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any

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

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

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

22 FURTHER RESOLVED, That within thirty (30) days of the Ground Lease, License
23 Agreement, and Loan Agreement being fully executed by all parties, MOHCD shall provide
24 the final agreements to the Clerk of the Board for inclusion into the official file.
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RECOMMENDED:

/s/
Sarah R. Oerth, Director of Property

/s/
Daniel Adams, Director
Mayor's Office of Housing and Community Development