

1 [Subordination Agreement - Seismic and Safety Loan Program - HealthRight 360 - 890
2 Hayes Street and 214 Haight Street - \$8,500,000]

3 **Resolution authorizing the subordination of two existing Seismic and Safety**
4 **Loan Program loans, secured in part by real property commonly known as 890**
5 **Hayes Street and 214 Haight Street, to a new loan from the Nonprofit Finance**
6 **Fund to HealthRight 360 in the amount of \$8,500,000 for the construction of**
7 **HealthRight 360's new headquarters and clinic located at 1563 Mission Street.**

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9 WHEREAS, HealthRight 360 ("HR360") is a nonprofit provider of integrated health
10 programs, funded by the San Francisco Department of Public Health and other City
11 departments; and

12 WHEREAS, HR360 has undertaken the acquisition and rehabilitation of a new
13 headquarters and clinic building located at 1563 Mission Street, which will provide
14 opportunities for the provision of expanded health care services and help to ensure the
15 long term viability of HR360; and

16 WHEREAS, To finance the rehabilitation of the new headquarters and clinic
17 building, HR360 has applied to the Nonprofit Finance Fund ("NFF") for a construction
18 loan in the amount of \$8,500,000; and

19 WHEREAS, Pursuant to loan evaluation reports dated April 14, 2005, and May
20 8, 2007, (the "Evaluations") the Unreinforced Masonry Building Loan Committee (the
21 "Committee") and the City and County of San Francisco Mayor's Office of Housing
22 ("MOH") recommended providing deferred extended loans in the amounts of \$285,000
23 and \$3,802,000, respectively (the "Loans"), from the City and County of San Francisco,
24 acting through MOH, to Walden House (subsequently merged into HR360) pursuant to
25 San Francisco Administrative Code Sections 66 and 66A and the Seismic and Safety

1 Loan Program (“SSLP”) Regulations, dated May 2006, adopted by the Board of
2 Supervisors through Ordinance No. 122-06 (“SSLP Program”), for purposes of
3 seismically retrofitting that certain real property located in San Francisco commonly
4 known as 815 Buena Vista (the “Project”); and

5 WHEREAS, In order to satisfy the SSLP Program loan-to-value ratio
6 requirement as required by Administrative Code, Section 66.A.4(1)(b), the Loans were
7 secured by deeds of trust recorded against both the Project and two additional
8 properties owned by HR360 located in San Francisco, commonly known as 890 Hayes
9 Street and 214 Haight Street (the “Additional Properties”); and

10 WHEREAS, As a condition to providing the requested construction loan to
11 HR360, NFF requires a security interest in the Additional Properties, in position
12 superior to liens of deeds of trust encumbering the Additional Properties (the
13 “Subordination Request”); and

14 WHEREAS, Administrative Code, Section 66A.7(2), authorizes the City to
15 subordinate the lien of an SSLP deed of trust “to subsequent lenders providing
16 financing for the rehabilitation of the Property” so long as certain underwriting criteria
17 are met; and

18 WHEREAS, In this case, the lender making the Subordination Request is not
19 providing financing for the rehabilitation of the Project or the Additional Properties; and

20 WHEREAS, The Mayor’s Office of Housing and Community Development
21 (“MOHCD”) and the City and County of San Francisco Department of Public Health
22 (“DPH”) have determined that the construction loan to HR360 is necessary and
23 beneficial to the City as HR360 is a vital component of San Francisco’s healthcare
24 safety net, providing medical, behavioral health, and HIV services to nearly 20,000 low
25 income and vulnerable San Franciscans each year; and

1 WHEREAS, The recommendation to authorize the subordination is detailed in a
2 memorandum from the Director of Public Health and the Director of the Mayor’s Office
3 of Housing and Community Development filed with the Clerk of the Board of
4 Supervisors under File No. 160066; now, therefore, be it

5 RESOLVED, That the Board of Supervisors of the City and County of San
6 Francisco (the “Board”) hereby authorizes the Director of MOHCD (or his designee) to
7 take any and all actions which the Director of MOHCD (or his designee) or the City
8 Attorney may deem necessary or advisable to effectuate the Subordination Request
9 consistent with this Resolution.

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17 RECOMMENDED:

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20 Olson Lee, Director, Mayor’s Office of Housing and Community Development

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22 _____

23 Barbara Garcia, Director, Department of Public Health