

1 [Loan Agreement - CCDC Throughline, L.L.C.- 777 Broadway Street, 1525 Grant Avenue, and
2 1207 Mason Street - Not to Exceed \$26,286,000]

3 **Resolution approving and authorizing the execution of a Loan Agreement with CCDC**
4 **Throughline L.L.C., a California limited liability corporation, in an aggregate total**
5 **amount not to exceed \$26,286,000 for a minimum term of 55 years for a portion of**
6 **the loan amount and maximum terms of 40 years for other portions of the loan**
7 **amount based on the requirements of the funding sources, to finance the acquisition**
8 **and rehabilitation of three existing 100% affordable multifamily rental housing**
9 **projects for low income households, known as "Throughline Apartments,"**
10 **consisting of 88 rental units and four commercial spaces in three buildings located**
11 **at 777 Broadway, 1525 Grant Avenue, and 1207 Mason Street; and adopting findings**
12 **that the Loan Agreement is consistent with the General Plan, and the eight priority**
13 **policies of Planning Code, Section 101.1.**

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

20 WHEREAS, The City and County of San Francisco is authorized under a contract
21 with the United States Department of Housing and Urban Development ("HUD") pursuant
22 to Title I of the Housing and Community Development Act of 1974 (42 U.S.C. §§ 5301 et
23 seq.), to distribute Community Development Block Grant ("CDBG") funds for the specific
24 and special purpose of increasing the housing stock in the City for low- and very low-
25 income persons; and

1 WHEREAS, In November 2012, the voters of the City approved Proposition C, which
2 established a Housing Trust Fund to provide funds for the creation, acquisition, and
3 rehabilitation of rental and ownership housing affordable to households earning up to 120%
4 of the area median income, including, without limitation, the acquisition of land for such
5 purpose (the "HTF Funds"); under Section 16.110 *et seq.* of the San Francisco City
6 Charter, the City is authorized to provide funds from the Housing Trust Fund for the
7 development of affordable housing; and

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

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

19 WHEREAS, CCDC Throughline L.L.C., (or an affiliate thereof or successor thereto)
20 (the "Borrower") desires to acquire and rehabilitate 88 units of affordable residential rental
21 housing and four commercial spaces located at 777 Broadway ("Bayside"), 1525 Grant
22 Avenue ("Tower"), and 1207 Mason Street ("Consortia"), San Francisco, California 94133-
23 108 (the "Project"); and

24 WHEREAS, The Project is found to be categorically exempt from the California
25 Environmental Quality Act ("CEQA") as all three buildings are categorized as Historic

1 Resources, with no preservation designation under The Planning Department's
2 Preservation Bulletin No. 16, which outlines the CEQA review process for Historic
3 Resources and limits the Planning Department's review of the Project to the exterior
4 façade, and is consistent, on balance, with the General Plan, and with the eight priority
5 policies of Planning Code, Section 101.1, and made findings in connection therewith (the
6 "General Plan Consistency Determination"), a copy of which is on file with the Clerk of the
7 Board of Supervisors in File No. 220094 and is incorporated into this Resolution by
8 reference; and

9 WHEREAS, On October 15, 2021, the Citywide Affordable Housing Loan
10 Committee, consisting of MOHCD, Department of Homeless and Supportive Housing, the
11 Office of Community Investment and Infrastructure, and the Controller's Office of Public
12 Finance, recommended approval to the Mayor of a loan for the Project in an amount not to
13 exceed \$26,286,000; and

14 WHEREAS, The City and County of San Francisco previously provided several
15 loans for acquisition and rehabilitation of the Project, and MOHCD and Borrower have
16 agreed to consolidate such existing loans to the Project in an amount up to \$6,125,000;
17 and

18 WHEREAS, On October 15, 2021, 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 agreed to forgive the accrued interest on the existing loans to the Project in an
22 amount up to \$2,399,000; and

23 WHEREAS, The Borrower has requested a senior permanent loan in an amount up
24 to \$8,499,000 of PASS Program funds and \$14,840,000 in HTF-CDBG funds for costs of
25

1 rehabilitation and acquisition, for a total aggregate loan for the Project not to exceed
2 \$26,286,000; and

3 WHEREAS, To leverage equity from an allocation of low-income housing tax credits,
4 issuance of tax exempt bonds, and other funding sources in order for the Sponsor to
5 construct the Project, MOHCD desires to provide a loan in the amount not to exceed
6 \$26,286,000 to the Sponsor pursuant to a Loan Agreement ("Agreement") in substantially
7 the form on file with the Clerk of the Board of Supervisors in File No. 220094, and in such
8 final form as approved by the Director of MOHCD and the City Attorney; and

9 WHEREAS, The material terms of the Agreement include: (i) a minimum term of 55
10 years for a portion of the loan amount; 40 years for the portion of the loan amount based on
11 the requirements of the PASS Program funding sources; (ii) interest rates shall be set at
12 distinct rates for portions of the funds as follows: up to the Applicable Federal Rate,
13 compounded annually, for the existing consolidated loan, and PASS Program interest rates
14 of up to 3.87289%, 0.95763%, and 0.95763%; (iii) annual repayment of a portion of the
15 loan through residual receipts Project; (iv) the Project shall be restricted for (a) the Seventy
16 Fifth (75th) anniversary of the date the Deed of Trust is recorded in the Recorder's Office of
17 San Francisco County, even if the Loan is repaid or otherwise satisfied or the Deed of Trust
18 is reconveyed or (b) the end of the Life of the Project; provided, however, that if the Life of
19 the Project is less than 75 years due to casualty, then the end date of the Life of the Project
20 controls, as affordable housing to low-income households with annual maximum rent and
21 income established by MOHCD; (v) the loan shall be secured by a deed of trust recorded
22 against the Sponsor's interest in the Project; and

23 WHEREAS, The City and the Borrower have agreed to enter into a Purchase Option
24 Agreement, prior to or concurrent with execution of the Agreement, providing the City with
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1 an option and right of first refusal to acquire the Project upon any proposed transfer of the
2 Project, among other certain events; now, therefore, be it

3 RESOLVED, That the Board of Supervisors hereby finds that Project is consistent
4 with the General Plan, and eight priority policies of Planning Code, Section 101.1, or the
5 same reasons as set forth in the General Plan Consistency Determination; and, be it

6 FURTHER RESOLVED, That the Board of Supervisors hereby approves the
7 Agreement and authorizes the Mayor and the Director of MOHCD or his designee to enter
8 into any amendments or modifications to the Agreement (including, without limitation,
9 preparation and attachment or, or changes to, any of all of the exhibits and ancillary
10 agreements) and any other documents or instruments necessary in connection therewith
11 that the Acting Director determines, in consultation with the City Attorney, are in the best
12 interest of the City, do not materially increase the obligations or liabilities for the City or
13 materially diminish the benefits of the City, are necessary or advisable to effectuate the
14 purposes and intent of this Resolution and are in compliance with all applicable laws,
15 including the City Charter; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
17 delegates to the Mayor and Director of MOHCD, and his designee, the authority to
18 undertake any actions necessary to protect the City's financial security in the Project and
19 enforce the affordable housing restrictions, which may include, curing the default under a
20 senior loan; and, be it

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

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

4
5 RECOMMENDED:

6
7 /s/ Eric D. Shaw

8 Eric D. Shaw

9 Director, Mayor's Office of Housing and Community Development
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City and County of San Francisco

Tails

Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 220094

Date Passed: March 22, 2022

Resolution approving and authorizing the execution of a Loan Agreement with CCDC Throughline L.L.C., a California limited liability corporation, in an aggregate total amount not to exceed \$26,286,000 for a minimum term of 55 years for a portion of the loan amount and maximum terms of 40 years for other portions of the loan amount based on the requirements of the funding sources, to finance the acquisition and rehabilitation of three existing 100% affordable multifamily rental housing projects for low income households, known as "Throughline Apartments," consisting of 88 rental units and four commercial spaces in three buildings located at 777 Broadway, 1525 Grant Avenue, and 1207 Mason Street; and adopting findings that the Loan Agreement is consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

February 09, 2022 Budget and Finance Committee - CONTINUED TO CALL OF THE CHAIR

March 16, 2022 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

March 16, 2022 Budget and Finance Committee - RECOMMENDED AS AMENDED

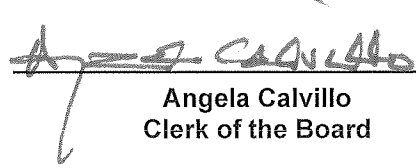
March 22, 2022 Board of Supervisors - ADOPTED

Ayes: 10 - Chan, Haney, Mandelman, Mar, Melgar, Preston, Ronen, Safai, Stefani and Walton


Excused: 1 - Peskin

File No. 220094

I hereby certify that the foregoing
Resolution was ADOPTED on 3/22/2022 by
the Board of Supervisors of the City and
County of San Francisco.



Angela Calvillo
Clerk of the Board



London N. Breed
Mayor

3/28/22

Date Approved