

1 [Loan Amendment - Maceo May Apts, L.P. - 100% Affordable Housing at 55 Cravath Street
2 (formerly 401 Avenue of the Palms) - Not to Exceed \$39,238,000]

3 **Resolution approving and authorizing the execution of a First Amendment to the**
4 **Amended and Restated Loan Agreement with Maceo May Apts, L.P., a California limited**
5 **partnership, to increase the loan amount by \$14,983,000 for a new total loan amount**
6 **not to exceed \$39,238,000 to finance additional construction costs and loss of**
7 **permanent financing related to the 100% affordable, 105 unit multifamily rental housing**
8 **development (plus one staff unit) for low and moderate income veteran households**
9 **located at 55 Cravath Street (formerly 401 Avenue of the Palms) on Treasure Island**
10 **(“Maceo Project”); and adopting findings that the First Amendment to the Amended**
11 **and Restated Loan Agreement is consistent with the General Plan, and the eight**
12 **priority policies of Planning Code, Section 101.1.**

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

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

23 WHEREAS, The Treasure Island Development Authority (“TIDA”) acquired real
24 property from the United States Navy at Treasure Island and Yerba Buena Island for the
25 purpose of developing residential and commercial building, including the development of 435

1 units of affordable housing by members of the Treasure Island Homeless Development
2 Initiative (the "Project"); and

3 WHEREAS, A Finding of Suitability was approved on February 15, 2006, and a Final
4 Environmental Impact Report ("EIR") for the Treasure Island/Yerba Buena Island
5 Redevelopment Project was certified on April 21, 2011, by the Board of Supervisors under
6 Resolution No. 246-11, which is on file with the Clerk of the Board of Supervisors in File No.
7 110328, and incorporated herein by this reference; and

8 WHEREAS, Mitigation measures were identified in the Treasure Island and Yerba
9 Buena Island Mitigation Monitoring and Reporting Program for the Project; and

10 WHEREAS, The Planning Commission determined that the Project, and the various
11 actions being taken by the City and TIDA to approve and implement the Project, are
12 consistent with the General Plan and with the eight priority policies of City Planning Code,
13 Section 101.1, and made findings in connection therewith (the "General Plan Consistency
14 Determination"), a copy of which is on file with the Clerk of the Board of Supervisors in File
15 No. 110228 and is incorporated into this Resolution by reference; and

16 WHEREAS, The Board of Supervisors adopted findings contained in the General Plan
17 Consistency Determination as its own under Resolution No. 241-11, and said findings of
18 consistency with the City's General Plan are on file with the Clerk of the Board of Supervisors
19 in File No. 110228, and incorporated into this Resolution by reference; and

20 WHEREAS, TIDA and Treasure Island Community Development, LLC, entered into
21 that certain Disposition and Development Agreement dated June 28, 2011 (the "DDA"), and
22 pursuant to the Housing Plan (Exhibit E) of the DDA, TIDA is committed to the development of
23 affordable housing;

1 WHEREAS, TIDA is the fee owner of Assessor’s Parcel C3.2, San Francisco, also
2 known by its street address as “55 Cravath Street (formerly 401 Avenue of the Palms) ” (the
3 “Property”), a land parcel with approximately 32,203 square feet area; and

4 WHEREAS, Under Resolution No. 29-20, the Board of Supervisors approved an
5 Amended and Restated Loan Agreement between the City and Maceo May Apts, L.P., a
6 California limited partnership (“Sponsor”), with Chinatown Community Development
7 Corporation and Swords to Plowshares Veterans Rights Organization as general partners, a
8 copy of which is on file with the Clerk of the Board of Supervisors in File No. 191300, and a
9 loan in the amount of \$24,255,000 (the “Loan”) to the Sponsor for development and
10 construction of a 100% affordable, supportive housing project with approximately 105 rental
11 units for low-income veteran households on the Property (the “Maceo Project”); and

12 WHEREAS, On April 1, 2020, TIDA and Maceo May Apts, L.P. entered into a Ground
13 Lease Agreement for the purpose of development and construction of the Maceo Project on
14 the Property; and

15 WHEREAS, On April 28, 2020, the Sponsor closed construction and permanent
16 financing for the Maceo Project, which included tax exempt multifamily revenue bonds issued
17 by the City and low-income housing tax credits, and commenced construction of the Maceo
18 Project in May 2020; and

19 WHEREAS, In October 2021, an atmospheric river storm severely damaged the Maceo
20 Project while under construction, which caused a six and one-half (6.5) month construction
21 delay while the storm damaged units were being repaired; and

22 WHEREAS, Because of the construction delay and damage from the atmospheric river
23 storm, the construction cost of Maceo Project were increased by \$35,820,035, an increase in
24 interest rates have reduced the senior permanent loan by \$8,120,232, and tax credit equity
25 financing was decreased by \$1,239,207; and

1 WHEREAS, To complete construction of the Maceo Project, the Sponsor requires
2 additional funding to cover part of the increased construction costs and replace the decrease
3 in senior permanent loan and tax credit equity financing; and

4 WHEREAS, The Citywide Affordable Housing Loan Committee, consisting of MOHCD,
5 Department of Homeless and Supportive Housing, Office of Community Investment and
6 Infrastructure, and the Controller’s Office of Public Finance recommended approval to the
7 Mayor of a loan increase for the Maceo Project in an amount not to exceed \$14,983,000; and

8 WHEREAS, MOHCD desires to increase the Loan by an amount not to exceed
9 \$14,983,000 (“Additional Loan”), for a total loan to the Sponsor in the amount of \$39,238,000,
10 pursuant to a First Amendment to the Amended and Restated Loan Agreement (“First
11 Amendment”) in substantially the form on file with the Clerk of the Board of Supervisors in File
12 No. 221172, and in such final form as approved by the Director of MOHCD and the City
13 Attorney; and

14 WHEREAS, The material terms of the First Amendment include: (i) a minimum term of
15 55 years; (ii) no interest will accrue on the Additional Loan; (iii) annual repayment of the loan
16 through residual receipts from the Maceo Project; (iv) the Maceo Project shall be restricted
17 for the life of the Maceo Project as affordable housing to low- and moderate-income veteran
18 households with annual maximum rent and income established by MOHCD; (v) the Additional
19 Loan shall be secured by the deed of trust currently recorded against the Sponsor’s leasehold
20 interest in the Property; now, therefore, be it

21 RESOLVED, That the Board of Supervisors hereby finds that the Maceo Project is
22 consistent with the General Plan, and with the eight priority policies of Planning Code, Section
23 101.1 for the same reasons as set forth in the General Plan Consistency Determination; and,
24 be it

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

11 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
12 delegates to the Mayor and Director of MOHCD, and his designee, the authority to undertake
13 any actions necessary to protect the City's financial security in the Maceo May Property and
14 enforce the affordable housing restrictions, which may include, curing the default under a
15 senior loan; and, be it

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

19 FURTHER RESOLVED, That within thirty (30) days of the First Amendment being fully
20 executed by all parties, MOHCD shall provide the final First Amendment to the Clerk of the
21 Board for inclusion into the official file; and be it

22 FURTHER RESOLVED, That MOHCD will provide a report to the Board of Supervisors
23 by May 1, 2023 regarding the final loan amount and any actions that the Department has
24 taken to mitigate development risks identified in this project for other City-funded affordable
25 housing developments.

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:

_____/s/_____

Eric D. Shaw, Director
Mayor's Office of Housing and Community Development