

1 [Loan Agreement - Sunnydale Block 3B Housing Partners, L.P. - Sunnydale HOPE SF Block  
2 3B - 100% Affordable Housing - Not To Exceed \$31,506,016]

3 **Resolution approving and authorizing the Director of the Mayor's Office of Housing**  
4 **and Community Development (MOHCD) to execute an Amended and Restated Loan**  
5 **Agreement with Sunnydale Block 3B Housing Partners, L.P., a California limited**  
6 **partnership, for a total loan amount not to exceed \$31,506,016 to finance the**  
7 **construction of a 90-unit multifamily rental housing development for low-income**  
8 **households, which will be known as Sunnydale HOPE SF Block 3B (the "Project");**  
9 **adopting findings that the loan agreement is consistent with the adopted Mitigation**  
10 **Monitoring and Reporting Program under the California Environmental Quality Act,**  
11 **the General Plan, and the eight priority policies of Planning Code, Section 101.1; and**  
12 **authorizing the Director of MOHCD or his or her designee to enter into any**  
13 **amendments or modifications to the Agreement and any other documents or**  
14 **instruments necessary in connection therewith that the Director determines are in**  
15 **the best interest of the City, do not materially increase the obligations or liabilities**  
16 **for the City or materially diminish the benefits of the City, and are necessary or**  
17 **advisable to effectuate the purposes and intent of this Resolution.**

18  
19 WHEREAS, In August 2007, the San Francisco Board of Supervisors established  
20 the HOPE SF program to fund revitalization of San Francisco's most distressed public  
21 housing (Ordinance No. 180-07 and 556-07); and

22 WHEREAS, HOPE SF is the nation's first large-scale public housing transformation  
23 collaborative aimed at disrupting intergenerational poverty, reducing social isolation, and  
24 creating vibrant mixed-income communities without mass displacement of current residents;  
25 and

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

5           WHEREAS, The Housing Authority of the City and County of San Francisco (“SFHA”)  
6 owns and operates 775 units of public housing on the approximately 50-acre site, known as  
7 Sunnydale-Velasco (“Sunnydale”); and

8           WHEREAS, In 2007, SFHA issued a Request for Proposals (“RFP”), seeking  
9 submittals from qualified respondents to develop the Sunnydale HOPE SF Master Plan; and

10           WHEREAS, Mercy Housing Corporation, a California nonprofit public benefit  
11 corporation (“Mercy”), in collaboration with the Related Company, a California corporation  
12 (“Related”), jointly responded to the RFP and were selected to be the developer for the  
13 Sunnydale HOPE SF Master Plan; and

14           WHEREAS, Mercy and Related established a separate entity named Sunnydale  
15 Development Co., LLC (the “Master Developer”) under which to plan and develop the  
16 Sunnydale HOPE SF Master Plan; and

17           WHEREAS, The Sunnydale HOPE SF Master Plan consists of (i) a maximum of 1,770  
18 units, of which 775 are replacement units for existing Sunnydale-Velasco households,  
19 approximately 200 are additional affordable housing units, and up to 730 units will be for  
20 market rate homeownership or rental, (ii) all new streets and utility infrastructure, (iii) 3.6 acres  
21 of new open spaces, and (iv) approximately 60,000 square feet of new neighborhood serving  
22 spaces; and

23           WHEREAS, By Ordinance No. 18-17, the Board of Supervisors approved a  
24 Development Agreement with the Developer relating to the Project Site (the "Development  
25

1 Agreement") under Administrative Code Chapter 56, which Ordinance is on file with the Clerk  
2 of the Board of Supervisors in File No. 161164 and is incorporated herein by reference; and

3 WHEREAS, By Ordinance No. 20-17, the Board of Supervisors made findings under  
4 the California Environmental Quality Act (Public Resources Code Sections 21000 et seq.) and  
5 findings of consistency with the General Plan, and the eight priority policies of Planning Code,  
6 Section 101.1, which Ordinance is on file with the Clerk of the Board of Supervisors in File  
7 No. 161309 and is incorporated herein by reference; and

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

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

17 WHEREAS, The Developer desires to commence the third affordable housing  
18 development of the Master Plan, which will include construction of approximately 67 public  
19 housing replacement units and 22 new affordable rental units in Sunnydale HOPE SF Block  
20 3B (the, "Project"); and

21 WHEREAS, The Developer established a separate entity named Sunnydale Block 3B  
22 Housing Partners, L.P., a California limited partnership (the "Sunnydale Block 3B Developer")  
23 to undertake the Project; and

24 WHEREAS, MOHCD provided Sunnydale Block 3B Developer with loans to commence  
25 predevelopment activities for the Project; and

1           WHEREAS, On January 6, 2023, the Citywide Affordable Housing Loan Committee,  
2 consisting of MOHCD, Department of Homelessness and Supportive Housing, the Office of  
3 Community Investment and Infrastructure, Controller’s Office of Public Finance and SFHA,  
4 recommended approval to the Mayor of a loan to the Sunnydale Block 3B Developer for the  
5 Project in a total amount not to exceed \$31,506,016; and

6           WHEREAS, To leverage funding sources in order for the Sunnydale Block 3B  
7 Developer to construct the Project, MOHCD desires to provide a loan in the amount not to  
8 exceed \$31,506,016 to the Sunnydale Block 3B Developer pursuant to an Amended and  
9 Restated Loan Agreement (“Agreement”) in substantially the form on file with the Clerk of the  
10 Board in File No. 230062, and in such final form as approved by the Director of MOHCD and  
11 the City Attorney; and

12           WHEREAS, The material terms of the Agreement also include: (i) a minimum term of  
13 57 years; and (ii) will bear interest at 3% per annum; now, therefore, be it

14           RESOLVED, That the Board of Supervisors hereby adopts the findings contained in  
15 Ordinance No. 20-17 regarding the California Environmental Quality Act for the Project, and  
16 hereby incorporates such findings by reference as though fully set forth in this Resolution;  
17 and, be it

18           FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project is  
19 consistent with the General Plan, and with the eight priority policies of Planning Code, Section  
20 101.1 for the same reasons as set forth in Ordinance No. 20-17, and hereby incorporates  
21 such findings by reference as though fully set forth in this Resolution; and, be it

22           FURTHER RESOLVED, That the Board of Supervisors hereby approves the  
23 Agreement and authorizes the Director of MOHCD or his or her designee to enter into any  
24 amendments or modifications to the Agreement (including, without limitation, preparation and  
25 attachment or, or changes to, any of all of the exhibits and ancillary agreements) and any

1 other documents or instruments necessary in connection therewith that the Director  
2 determines, in consultation with the City Attorney, are in the best interest of the City, do not  
3 materially increase the obligations or liabilities for the City or materially diminish the benefits of  
4 the City, are necessary or advisable to effectuate the purposes and intent of this Resolution  
5 and are in compliance with all applicable laws, including the City Charter; and, be it

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

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

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

