

1 [Acquisition of Real Property - 4200 Geary Associates, L.P. - 4200 Geary Boulevard - 100%
2 Affordable Housing - \$11,064,369 - Ground Lease with Base Rent of \$15,000 - Loan Not to
3 Exceed \$20,537,592]

4 **Resolution 1) approving and authorizing the Director of Property, on behalf of the**
5 **Mayor's Office of Housing and Community Development ("MOHCD"), to acquire Real**
6 **Property located at 4200 Geary Boulevard ("Property") from 4200 Geary Associates,**
7 **L.P. ("Borrower") for \$11,064,369 under an Agreement for Purchase and Sale**
8 **("Purchase Agreement"); 2) placing the Property under the jurisdiction of MOHCD for**
9 **use in constructing affordable housing for San Franciscans; 3) approving and**
10 **authorizing the Director of Property and the Director of MOHCD to enter into a Ground**
11 **Lease to lease the Property back to the Borrower for a term of 75 years and one 24-year**
12 **option to extend and an annual base rent of \$15,000 ("Ground Lease") in order to**
13 **construct a 100% affordable, 98-unit multifamily rental housing development affordable**
14 **to low-income senior households, including one manager unit and ancillary**
15 **commercial space (the "Project"); 4) approving and authorizing an Amended and**
16 **Restated Loan Agreement in an amount not to exceed \$20,537,592 for a minimum loan**
17 **term of 57 years ("Loan Agreement") to finance the development and construction of**
18 **the Project; 5) adopting findings declaring that the Property is "exempt surplus land"**
19 **pursuant to the California Surplus Lands Act; 6) determining that the less than market**
20 **rent payable under the Ground Lease will serve a public purpose by providing**
21 **affordable housing for low-income households in need, in accordance with**
22 **Section 23.3 of the Administrative Code; 7) adopting findings that the Project and**
23 **proposed transactions are consistent with the General Plan, and the eight priority**
24 **policies of Planning Code, Section 101.1; and 8) authorizing the Director of Property**
25 **and/or the Director of MOHCD to make certain modifications to the Purchase**

1 **Agreement, Ground Lease, and Loan Agreement, as defined herein, and take certain**
2 **actions in furtherance of this Resolution, as defined herein.**

3
4 WHEREAS, The City, acting through the Mayor's Office of Housing and Community
5 Development (MOHCD), administers a variety of housing programs that provide financing for
6 the development of new affordable housing and the rehabilitation of single- and multi-family
7 housing for low- and moderate-income households and resources for homeowners in San
8 Francisco; and

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

13 WHEREAS, On December 27, 2019, MOHCD issued a Notice of Funding Availability:
14 Affordable Multifamily Rental Housing Prop A ("NOFA") to finance site acquisition and
15 predevelopment activities for proposed affordable multifamily housing projects located in
16 Districts 1, 2, 4, 7 and 8; and

17 WHEREAS, Tenderloin Neighborhood Development Corporation, a California nonprofit
18 public benefit corporation ("TNDC") responded to the NOFA and was selected for a loan for
19 property acquisition, development, and construction under the NOFA, and TNDC established
20 4200 Geary Associates, L.P., a California limited partnership (the "Borrower") as an affiliate to
21 acquire and develop property for affordable housing; and

22 WHEREAS, Under Resolution No. 172-21 in Board File No. 210363, the Board
23 of Supervisors approved and authorized a Loan Agreement for a \$11,064,369 loan to
24 the Borrower ("Acquisition Loan") for the acquisition of real property located at 4200
25 Geary Avenue in San Francisco (the "Property"), and a \$3,474,613 loan to the

1 Borrower for predevelopment activities related to the development of affordable
2 housing on the Property; and

3 WHEREAS, The Borrower acquired the Property and completed
4 predevelopment activities for the development and construction on the Property of a
5 100% affordable, 98-unit multifamily rental housing development affordable to low-
6 income senior households, including 20 supportive housing units available for seniors
7 experiencing homelessness, 30 units serving extremely low income seniors at 15% and
8 25% of MOHCD's area median income ("MOHCD AMI") with a senior operating
9 subsidy, 12 units for senior veterans, and 35 units restricted at 50% of MOHCD AMI,
10 plus one manager unit and ancillary commercial space (collectively, the "Project"); and

11 WHEREAS, On January 20, 2021, by Notice of Final Approval of an SB 35
12 Project, the Planning Department by case No. 2020-006779PRJ determined that the
13 development of the Project met all the standards of the Planning Code and would be
14 eligible for ministerial approval under California Government Code, Section 65913.4
15 (Senate Bills 35 and 765), California Public Resources Code, Section 21080, and the
16 CEQA Guidelines, Sections 15002(i)(1), 15268 and 15369, and would therefore not be
17 subject to the California Environmental Quality Act ("CEQA"); and

18 WHEREAS, By letter dated March 5, 2021, the Planning Department determined the
19 Project was consistent with the General Plan, and eight priority policies of Planning Code,
20 Section 101.1 (the "Planning Department Letter"); a copy of the Planning Department Letter is
21 on file with the Clerk of the Board of Supervisors in File No. 210363, and is incorporated
22 herein by reference; and

23 WHEREAS, City, through MOHCD and the Real Estate Division, in consultation with
24 the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the
25 Property from the Borrower for \$11,064,369, substantially in the form approved by the Director

1 of Property and the Director of MOHCD and on file with the Clerk of the Board of Supervisors
2 in File No. 210363, incorporated herein by reference; and

3 WHEREAS, The Director of Property determines the Property to be at or below fair
4 market value; and

5 WHEREAS, In consideration of the Borrower's agreement to convey the Property to the
6 City, MOHCD will apply a credit of \$11,064,369 against the Acquisition Loan and forgive the
7 remaining balance of the Acquisition Loan, subject to the conditions as described in the
8 Purchase Agreement; and

9 WHEREAS, MOHCD and the Director of Property have approved the form of the
10 Ground Lease between the City and the Borrower, pursuant to which the City will lease the
11 Property to the Borrower for a term of 75 years and one 24-year option to extend and a base
12 rent of \$15,000 per year, in exchange for the Borrower's agreement, among other things, to
13 construct and operate the Project with rent levels affordable to households up to 60% of
14 MOHCD AMI, a copy of the Ground Lease in a form substantially approved is on file with the
15 Clerk of the Board of Supervisors in File No. 230102, and is incorporated herein by reference;
16 and

17 WHEREAS, The proposed rent of the Ground Lease is less than Market Rent (as
18 defined in Administrative Code, Section 23.2), but the lower rent will serve a public purpose by
19 providing affordable housing for low-income households in need; and

20 WHEREAS, The Property is "exempt surplus land," as defined in California
21 Government Code, Section 54221(f)(1), because the Project will restrict 100% of the
22 residential units to low-income persons and families, pursuant to California Government Code,
23 Section 54221(f)(1)(F)(i); and

24 WHEREAS, MOHCD is also providing the Borrower with new financial assistance to
25 leverage other funding sources in order for Borrower to construct the Project; and

1 WHEREAS, On January 6, 2023, the Citywide Affordable Housing Loan Committee,
2 consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of
3 Community Investment and Infrastructure, and the Controller's Office of Public Finance
4 recommended approval to the Mayor of an increase in the loan to the Borrower for the Project
5 for a total amount not to exceed \$20,537,592 in local funds under an Amended and Restated
6 Loan Agreement, a copy of which is in a form substantially approved is on file with the Clerk of
7 the Board of Supervisors in File No. 230102, and is incorporated herein by reference ("Loan
8 Agreement"); and

9 WHEREAS, The Loan Agreement would be entered into under the following material
10 terms: (i) a minimum term of 57 years; (ii) an interest rate of up to three percent (3%); (iii)
11 annual repayment of the Loan Agreement by Borrower through residual receipts from the
12 Project; (iv) the Project shall be restricted for life of the Project as affordable housing to low-
13 income households with annual maximum rent and income established by MOHCD; and (v)
14 the Loan Agreement shall be secured by a deed of trust recorded against each of the
15 Borrower's leasehold interest in the Property; now, therefore, be it

16 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
17 associated actions necessary to effectuate the Project) is consistent with the General Plan,
18 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
19 set forth in the Planning Department Letter, and hereby incorporates such findings by
20 reference as though fully set forth in this Resolution; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors hereby finds, in consideration
22 of the foregoing, that the Property is "exempt surplus land," as defined in California
23 Government Code, Section 54221(f)(1), because the Project will restrict 100% of the
24 residential units to low-income persons and families, pursuant to California Government Code,
25 Section 54221(f)(1)(F)(i); and

1 FURTHER RESOLVED, That in accordance with the recommendation of the Director
2 of MOHCD and the Director of Property, the Board of Supervisors approves the Purchase
3 Agreement, in substantially the form presented to the Board, and authorizes the Director of
4 MOHCD and the Director of Property to execute and deliver the Purchase Agreement, in
5 substantially the form presented to the Board, and any such other documents that are
6 necessary or advisable to complete the transaction contemplated by the Purchase
7 Agreement, and to effectuate the purpose and intent of this Resolution; and, be it

8 FURTHER RESOLVED, That MOHCD has legal authority, is willing, and is in a position
9 financially and otherwise to assume immediate care and maintenance of the Property, and
10 that the Director of Property, is hereby authorized to accept the deed to the Property from the
11 Borrower upon the closing in accordance with the terms and conditions of the Purchase
12 Agreement, to place the Property under the jurisdiction of MOHCD, and to take any and all
13 steps (including, but not limited to, the execution and delivery of any and all certificates,
14 agreements, notices, consents, escrow instructions, closing documents and other instruments
15 or documents) as the Director of Property deems necessary or appropriate in order to acquire
16 the Property pursuant to the Purchase Agreement, or to otherwise effectuate the purpose and
17 intent of this Resolution, such determination to be conclusively evidenced by the execution
18 and delivery by the Director of Property of any such documents; and, be it

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

1 required by lenders to consummate the financing of the Project or lease of the Property) that
2 are necessary or advisable, in consultation with the City Attorney, to complete the transaction
3 contemplated by the Ground Lease and to effectuate the purpose and intent of this
4 Resolution, and determines that the less than Market Rent payable under the Ground Lease
5 will serve a public purpose by providing affordable housing for low-income households in
6 need; and, be it

7 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
8 Agreement and the transaction contemplated thereby in substantially the form presented to
9 the Board, and authorizes the Mayor and the Director of MOHCD, to execute and deliver the
10 Loan Agreement and any such other documents that are necessary or advisable to complete
11 the transaction contemplated by the Loan Agreement and to effectuate the purpose and intent
12 of this Resolution; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
14 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any
15 additions, amendments, or other modifications to the Purchase Agreement, the Ground
16 Lease, and the Loan Agreement, and any other documents or instruments necessary in
17 connection therewith (including, without limitation, preparation and attachment or, or changes
18 to, any of all of the exhibits and ancillary agreements), that the Director of Property and/or
19 Director of MOHCD determine are in the best interests of the City, do not materially decrease
20 the benefits to the City with respect to the Property, do not materially increase the obligations
21 or liabilities of the City, and are necessary or advisable to complete the transaction
22 contemplated in the Purchase Agreement, the Ground Lease, and the Loan Agreement, and
23 that effectuate the purpose and intent of this Resolution, such determination to be
24 conclusively evidenced by the execution and delivery by the Director of Property and/or the
25 Director of MOHCD of any such additions, amendments, or other modifications; and, be it

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

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

10 FURTHER RESOLVED, That within thirty (30) days of the Purchase Agreement, the
11 Ground Lease, and the Loan Agreement being fully executed by all parties, MOHCD shall
12 provide the final agreements to the Clerk of the Board for inclusion into the official file.
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18 RECOMMENDED:
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20 /s/
21 Andrico Q. Penick, Director of Property
22

23 /s/
24 Eric D. Shaw, Director
25 Mayor's Office of Housing and Community Development