

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.



City and County of San Francisco

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

Tails

Resolution

File Number: 230062

Date Passed: February 14, 2023

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


February 08, 2023 Budget and Finance Committee - RECOMMENDED

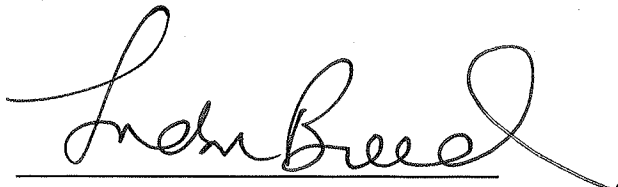
February 14, 2023 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 230062

I hereby certify that the foregoing Resolution was ADOPTED on 2/14/2023 by the Board of Supervisors of the City and County of San Francisco.


Angela Calvillo
Clerk of the Board


London N. Breed
Mayor

2/23/23
Date Approved