

1 [Acquisition of Real Property - 4840 Mission Housing Associates LP - 4840 Mission Street -
2 100% Affordable Housing - \$0 in Exchange for \$8,150,000 Credit - Ground Lease with Base
3 Rent of \$15,000 - Loan Not to Exceed \$28,751,450]

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 4840 Mission Street (“Property”) from 4840 Mission Housing**
7 **Associates LP (“Developer”) for \$0 in exchange for a \$8,150,000 credit; 2) placing the**
8 **Property under the jurisdiction of MOHCD for use in constructing affordable housing**
9 **for San Franciscans; 3) approving and authorizing a Loan Agreement in an amount not**
10 **to exceed \$28,751,450 for a minimum loan term of 57 years (“Loan Agreement”) to**
11 **finance the construction of a 100% affordable, 137-unit multifamily rental housing**
12 **development (plus two staff units) on the Property for low income households with 40**
13 **parking spaces and an ancillary commercial space of approximately 4,407 square feet**
14 **for public benefit or community-serving purposes (“Residential Project”) and the**
15 **construction of the cold shell for a nonprofit community-serving health clinic (“Clinic**
16 **Project,” and together with the Residential Project, the “Project”); 4) approving and**
17 **authorizing an Agreement for Purchase and Sale for acquisition of the Property**
18 **(“Purchase Agreement”); 5) approving and authorizing a Ground Lease back to the**
19 **Developer for a lease term of 75 years and one 24-year option to extend and an annual**
20 **base rent of \$15,000 in order to construct the Residential Project (“Residential Ground**
21 **Lease”), and a Ground Lease back to the Developer for a lease term of 75 years and**
22 **one 24-year option to extend and an annual base rent of \$5,000 in order to construct**
23 **the Clinic Project (“Clinic Ground Lease”); 6) adopting findings that the Purchase**
24 **Agreement, Loan Agreement, Residential Ground Lease, and Clinic Ground Lease are**
25 **consistent with the General Plan, and the eight priority policies of Planning Code,**

1 **Section 101.1; and 7) authorizing the Director of Property and/or the Director of MOHCD**
2 **to execute the Purchase Agreement, Loan Agreement, Residential Ground Lease, and**
3 **Clinic Ground Lease, make certain modifications to such agreements, as defined**
4 **herein, and take certain actions in furtherance of this Resolution, as defined herein.**

5
6 WHEREAS, The City and County of San Francisco (the “City”), acting through
7 MOHCD, administers a variety of housing programs that provide financing for the
8 development of new affordable housing and the rehabilitation of single- and multi-family
9 housing for low- and moderate-income households and resources for homeowners in San
10 Francisco; and

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

15 WHEREAS, On April 18, 2016, MOHCD issued the Proposition A Notice of Funding
16 Availability (“NOFA”), for the acquisition and predevelopment financing for affordable
17 multifamily rental housing supported by 2015 General Obligation Housing Bond – Proposition
18 A; and

19 WHEREAS, BRIDGE Housing Corporation (“BRIDGE”), California nonprofit public
20 benefit corporation, responded to the NOFA, and the Project was selected for development
21 funding; and

22 WHEREAS, BRIDGE established 4840 Mission Housing Associates LP, a
23 California limited partnership (the “Developer”), as a separate entity under which to
24 develop the Project; and

1 WHEREAS, The Developer acquired the Property (Assessor's Parcel Block No.
2 0741, Lot No. 002) for the purpose of developing the Project; and

3 WHEREAS, MOHCD has evaluated the Property and confirmed that it can utilize the
4 Property for development of permanently affordable housing, and the City desires to acquire
5 the Property, and place under the jurisdiction of MOHCD, from Developer for the purpose of
6 constructing affordable housing; and

7 WHEREAS, By an authorization dated June 14, 2019 (the "Planning Department
8 Authorization"), the Planning Director authorized the affordable housing project authorization
9 for the Project, deeming the Project consistent with the General Plan and eight priority policies
10 of Planning Code, Section 101.1, a copy of the authorization with the is on file with the Clerk
11 of the Board of Supervisors in File No. 210383, and is incorporated herein by reference; and

12 WHEREAS, The City, through MOHCD and Real Estate Division, in consultation with
13 the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the
14 Property from Developer for \$0 in exchange for a \$8,150,000 credit substantially in the form
15 approved by the Director of Property and the Director of MOHCD and on file with the Clerk of
16 the Board of Supervisors in File No. 210383, incorporated herein by reference; and

17 WHEREAS, The Director of Property determines the Property to be at or below fair
18 market value, which was confirmed by an independent appraisal; and

19 WHEREAS, The Property will be delivered vacant at close of sale; and

20 WHEREAS, MOHCD and the Director of Property have approved the form of the
21 Residential Ground Lease between the City and the Developer, pursuant to which the City will
22 lease the Property back to the Developer for a term of 75 years and one 24-year option to
23 extend and a base rent of \$15,000 per year, in exchange for the Developer's agreement,
24 among other things, to construct and operate the Residential Project with rent levels
25 affordable to households up to 120% of unadjusted San Francisco Area Median Income (AMI)

1 with an average of 60% of AMI across the rental units, and a copy of the Residential Ground
2 Lease in a form substantially approved is on file with the Clerk of the Board of Supervisors in
3 File No. 210383, and is incorporated herein by reference; and

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

7 WHEREAS, MOHCD and the Director of Property have approved the form of the Clinic
8 Ground Lease between the City and the Developer, pursuant to which the City will lease the
9 Property back to the Developer for a term of 75 years and one 24-year option to extend and a
10 base rent of \$5,000 per year, in exchange for the Developer's agreement, among other things,
11 to construct the Clinic Project, which will be operated by the Mission Neighborhood Health
12 Center, and a copy of the Clinic Ground Lease in a form substantially approved is on file with
13 the Clerk of the Board of Supervisors in File No. 210383, and is incorporated herein by
14 reference; and

15 WHEREAS, The proposed rent of the Clinic Ground Lease is less than Market Rent (as
16 defined in Administrative Code, Section 23.2), but the lower rent will serve a public purpose by
17 providing a nonprofit community-serving health clinic and other public benefit purposes; and

18 WHEREAS, MOHCD is also providing the Developer with new financial assistance to
19 leverage equity from an allocation of low-income housing tax credits and other funding
20 sources in order for Developer to construct the Project; and

21 WHEREAS, On February 19, 2021, the Citywide Affordable Housing Loan Committee,
22 consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of
23 Community Investment and Infrastructure, and the Controller's Office of Public Finance
24 recommended approval to the Mayor of the Loan Agreement for the Project in an amount not
25 to exceed \$28,751,450 in local funds, a copy of which is in a form substantially approved is on

1 file with the Clerk of the Board of Supervisors in File No. 210383, and is incorporated herein
2 by reference; and

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

10 WHEREAS, In consideration of and upon the Developer's conveyance of the Property
11 to the City, MOHCD will apply a credit of \$8,150,000 to the outstanding balance and accrued
12 interest under an existing predevelopment and acquisition loan agreement, subject to the
13 conditions described in the Purchase Agreement; now, therefore, be it

14 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
15 associated actions necessary to effectuate the Project) is consistent with the General Plan,
16 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
17 set forth in the Planning Department Authorization, and hereby incorporates such findings by
18 reference as though fully set forth in this Resolution; 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 Purchase
21 Agreement, Residential Ground Lease, and Clinic Ground Lease, each in substantially the
22 form presented to the Board, and authorizes the Director of Property (or the Director's
23 designee, as used throughout) and Director of MOHCD, to execute and deliver the Purchase
24 Agreement, Residential Ground Lease, and Clinic Ground Lease, each in substantially the
25 form presented to the Board, and any such other documents that are necessary or advisable

1 to complete the transaction contemplated by the Purchase Agreement, Residential Ground
2 Lease, and the Clinic Ground Lease, and to effectuate the purpose and intent of this
3 Resolution, and determines that the less than Market Rent payable under the Residential
4 Ground Lease and Clinic Ground Lease will serve a public purpose by providing affordable
5 housing for low-income households in need and a community-serving health clinic; and, be it

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

17 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan
18 Agreement in substantially the form presented to the Board, and authorizes the Mayor and the
19 Director of MOHCD (or the Director's designee, as used throughout), to execute and deliver
20 the Loan Agreement and any such other documents that are necessary or advisable to
21 complete the transaction contemplated by the Loan Agreement and to effectuate the purpose
22 and intent of this Resolution; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
24 Property and/or Director of MOHCD, in consultation with the City Attorney, to enter into any
25 additions, amendments, or other modifications to the Purchase Agreement, Residential

1 Ground Lease, Clinic Ground Lease, Loan Agreement, and any other documents or
2 instruments necessary in connection therewith (including, without limitation, preparation and
3 attachment or, or changes to, any of all of the exhibits and ancillary agreements), that the
4 Director of Property and/or Director of MOHCD determine are in the best interests of the City,
5 do not materially decrease the benefits to the City with respect to the Property, do not
6 materially increase the obligations or liabilities of the City, and are necessary or advisable to
7 complete the transaction contemplated in the Purchase Agreement, Residential Ground
8 Lease, Clinic Ground Lease, and Loan Agreement, and that effectuate the purpose and intent
9 of this Resolution, such determination to be conclusively evidenced by the execution and
10 delivery by the Director of Property and/or the Director of MOHCD of any such additions,
11 amendments, or other modifications; and, be it

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

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

21 FURTHER RESOLVED, That within thirty (30) days of the Purchase Agreement, the
22 Residential Ground Lease, Clinic Ground Lease, and Loan Agreement being fully executed by
23 all parties, MOHCD shall provide the final agreements to the Clerk of the Board for inclusion
24 into the official file.

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1 RECOMMENDED:

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4 /s/
Andrico Q. Penick, Director of Property

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7 /s/
Eric D. Shaw, 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: 210383

Date Passed: May 04, 2021

Resolution 1) approving and authorizing the Director of Property, on behalf of the Mayor's Office of Housing and Community Development ("MOHCD"), to acquire real property located at 4840 Mission Street ("Property") from 4840 Mission Housing Associates LP ("Developer") for \$0 in exchange for a \$8,150,000 credit; 2) placing the Property under the jurisdiction of MOHCD for use in constructing affordable housing for San Franciscans; 3) approving and authorizing a Loan Agreement in an amount not to exceed \$28,751,450 for a minimum loan term of 57 years ("Loan Agreement") to finance the construction of a 100% affordable, 137-unit multifamily rental housing development (plus two staff units) on the Property for low income households with 40 parking spaces and an ancillary commercial space of approximately 4,407 square feet for public benefit or community-serving purposes ("Residential Project") and the construction of the cold shell for a nonprofit community-serving health clinic ("Clinic Project," and together with the Residential Project, the "Project"); 4) approving and authorizing an Agreement for Purchase and Sale for acquisition of the Property ("Purchase Agreement"); 5) approving and authorizing a Ground Lease back to the Developer for a lease term of 75 years and one 24-year option to extend and an annual base rent of \$15,000 in order to construct the Residential Project ("Residential Ground Lease"), and a Ground Lease back to the Developer for a lease term of 75 years and one 24-year option to extend and an annual base rent of \$5,000 in order to construct the Clinic Project ("Clinic Ground Lease"); 6) adopting findings that the Purchase Agreement, Loan Agreement, Residential Ground Lease, and Clinic Ground Lease are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and 7) authorizing the Director of Property and/or the Director of MOHCD to execute the Purchase Agreement, Loan Agreement, Residential Ground Lease, and Clinic Ground Lease, make certain modifications to such agreements, as defined herein, and take certain actions in furtherance of this Resolution, as defined herein.

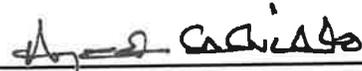
April 28, 2021 Budget and Finance Committee - RECOMMENDED

May 04, 2021 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Haney, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 210383

I hereby certify that the foregoing
Resolution was ADOPTED on 5/4/2021 by
the Board of Supervisors of the City and
County of San Francisco.



Angela Calvillo
Clerk of the Board



London N. Breed
Mayor



Date Approved