

1 [Loan Amendment - San Cristina L.P. - 100% Affordable Housing at 1000 Market Street - Not
2 to Exceed \$12,781,730]

3 **Resolution approving and authorizing 1) the execution of a First Amendment to the**
4 **Amended and Restated Loan Agreement with San Cristina L.P., a California limited**
5 **partnership, to increase the loan amount by \$1,993,694 for a new aggregate loan**
6 **amount not to exceed \$12,781,730 to finance additional rehabilitation costs related to a**
7 **100% affordable, 58-unit multifamily rental housing development for very-low income**
8 **formerly homeless households located at 1000 Market Street (“Project”); and 2) the**
9 **Mayor and the Director of Mayor’s Office of Housing and Community Development to**
10 **execute documents, make certain modifications and take certain actions in furtherance**
11 **of this Resolution, as defined herein.**

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

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

22 WHEREAS, Among its programs, MOHCD administers the Preservation and Seismic
23 Safety Program (“PASS Program”) under Administrative Code, Chapter 66, which plays a
24 critical role in advancing the City’s anti-eviction and preservation strategies by providing low-
25 cost and long-term financing for the acquisition, rehabilitation, and preservation of multi-family

1 housing as well as seismic retrofits not currently available on the conventional loan market;
2 and

3 WHEREAS, The City previously provided loans in the total amount of \$2,764,036
4 (“Original Loan”) to San Cristina L.P., a California limited partnership (“Borrower”), with
5 HomeRise (formerly known as Community Housing Partnership) as the General Partner of
6 Borrower, for the purpose of predevelopment, rehabilitation, and permanent financing of a
7 100% affordable, multifamily residential rental development, consisting of 58 rental units for
8 very low-income formerly homeless households and 4,078 square feet of commercial space
9 (the “Project”); and

10 WHEREAS, The Project requires extensive rehabilitation consisting of replacement of
11 major building systems including plumbing, fire alarm, and heating and air systems,
12 renovation of units, community rooms and services offices, adding accessibility improvement
13 to bathrooms, (“Rehabilitation”); and

14 WHEREAS, Borrower obtained a construction loan in the amount of \$35,657,570 and a
15 commitment of permanent financing from the California Department of Housing and
16 Community Development (“HCD”) in the amount of \$34,135,953 (“HCD Loan”) for the
17 Rehabilitation; and

18 WHEREAS, In 2022, the Citywide Affordable Housing Loan Committee, consisting of
19 MOHCD, Department of Homeless and Supportive Housing, Office of Community Investment
20 and Infrastructure, and the Controller’s Office of Public Finance recommended approval to the
21 Mayor of a PASS loan of \$8,024,000 (“PASS Loan”) for the purpose of permanent financing
22 after completion of the Rehabilitation, in conjunction with the HCD Loan, under an Amended
23 and Restated Loan Agreement dated August 10, 2022, between the City, acting through
24 MOHCD, and the Borrower, on file with the Clerk of the Board of Supervisors in File
25 No. 240024 (“Loan Agreement”); and ; and

1 WHEREAS, On August 31, 2022, the Borrower closed construction and permanent
2 financing for the Rehabilitation, which included a private construction loan in the amount of
3 \$35,657,570 and a loan from the California Department of Housing and Community
4 Development (“HCD”) for the purpose of permanent financing after completion of the
5 Rehabilitation, and Borrower commenced construction of the Rehabilitation on September 1,
6 2022; and

7 WHEREAS, In 2023, large increases in interest rates and insurance costs have led to
8 increased costs for all affordable housing projects currently under construction in San
9 Francisco and across California; and

10 WHEREAS, The Rehabilitation has encountered increased construction costs in the
11 amount of \$1,993,694 because of 1) supply chain issues increased costs production time for
12 electrical equipment, including the necessary new switchgear for the Project, 2) the Project is
13 in the Market Street Theatre and Loft District, and the Rehabilitation encountered greater than
14 expected repair needs to the cornice at the edge of the roof of the Project, and 3) increased
15 construction loan interest and insurance costs; and

16 WHEREAS, To complete construction of the Rehabilitation, the Borrower has
17 requested additional funding from MOHCD to cover the increased construction costs of the
18 Rehabilitation; and

19 WHEREAS, The Citywide Affordable Housing Loan Committee recommended approval
20 to the Mayor of a loan increase for the Rehabilitation in an amount not to exceed \$1,993,694;
21 and

22 WHEREAS, MOHCD desires to increase the Original Loan by an amount not to exceed
23 \$1,993,694 (“Additional Loan”), for a loan to the Borrower in the amount of \$4,757,730, and
24 together with the PASS Loan, an aggregate loan amount from the City in an amount not to
25 exceed \$12,781,730, pursuant to a First Amendment to the Loan Agreement (“First

1 Amendment”) in substantially the form on file with the Clerk of the Board of Supervisors in File
2 No. 240024, and in such final form as approved by the Director of MOHCD and the City
3 Attorney; and

4 WHEREAS, The material terms of the Additional Loan include: (i) a minimum term of
5 55 years; (ii) three percent simple interest will accrue on the loan; (iii) annual repayment of the
6 loan through residual receipts from the Project; (iv) the Project shall be restricted for the life of
7 the Project as affordable housing to very low-income formerly homeless households with
8 annual maximum rent and income established by MOHCD; (v) the loan shall be secured by
9 the deed of trust currently recorded against the Project; and

10 WHEREAS, The material terms of the PASS Loan include: (i) a minimum term of 55
11 years for a portion of the loan amount; maximum terms of 40 years for the portion of the loan
12 amount based on the requirements of the PASS Program funding sources; (ii) interest rates
13 shall be set at distinct rates for portions of the funds as follows: PASS Program interest rates
14 of up to 3.87289%, 0.95763%, and 0.95763%; (iii) annual repayment of based on the
15 amortization schedule in the PASS loan promissory notes; (iv) the Project shall be restricted
16 for (a) the Seventy Fifth (75th) anniversary of the date the Deed of Trust is recorded in the
17 Recorder’s Office of San Francisco County, even if the Loan is repaid or otherwise satisfied or
18 the Deed of Trust is reconveyed or (b) the end of the Life of the Project; provided, however,
19 that if the Life of the Project is less than 75 years due to casualty, then the end date of the Life
20 of the Project controls, as affordable housing to low-income households with annual maximum
21 rent and income established by MOHCD; (v) the loan shall be secured by a deed of trust
22 recorded against the Borrower’s interest in the Project; now, therefore, be it

23 RESOLVED, That the Board of Supervisors hereby approves the First Amendment and
24 authorizes the Mayor and the Director of MOHCD or his designee to enter into any
25 amendments or modifications to the First Amendment (including, without limitation,

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

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

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

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

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