FILE NO. 240443 RESOLUTION NO. 298-24

[Loan Agreement - 1005 Powell Street - Chinatown SROS, LLC - Small Sites Program - Not to Exceed $20,900,000]

Resolution approving and authorizing the Director of the Mayor's Office of Housing and Community Development ("MOHCD") to execute loan documents for the permanent financing of 1005 Powell Street pursuant to the Small Sites Program, for a total loan amount not to exceed $20,900,000; confirming the Planning Department's determination under the California Environmental Quality Act; finding that the loan is consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and authorizing the Director of MOHCD or their designee to make certain modifications to the loan documents and take certain actions in furtherance of this Resolution, as defined herein.

WHEREAS, The City and County of San Francisco, through the Mayor's Office of Housing and Community Development ("MOHCD"), is a leader in the creation and preservation of affordable housing, offering a variety of loan and grant programs to community-based organizations and housing developers to create and maintain affordable housing and provide essential community and supportive services; and

WHEREAS, The funding for these loans and grants comes from a variety of sources, all of which are restricted to affordable housing and are subject to various housing program restrictions; and

WHEREAS, Among its programs, MOHCD administers the Small Sites Program (or "SSP") for the purpose of preserving and stabilizing San Francisco's existing rental housing stock of buildings, and converting those properties to permanently affordable housing. The Small Sites Program provides low-cost and long-term financing for the acquisition,

rehabilitation, and preservation of multi-family housing, and plays a critical role in advancing the City's anti-eviction and preservation strategies; and

WHEREAS, Chinatown SROs, LLC, a California limited liability company ("Borrower") owns property with a 64 unit single room occupancy ("SRO") building with two commercial units, at 1005 Powell Street in San Francisco's Chinatown neighborhood (the "Project").

WHEREAS, The Borrower has requested, and MOHCD desires to loan, up to $20,900,000 in SSP funds to the Project through the Housing Stability Fund, Academy of Art University Settlement funds, and the general fund, which will provide 64 SRO units of permanently affordable housing and two commercial units; and

WHEREAS, On March 15, 2024, the Citywide Affordable Housing Loan Committee, consisting of representatives of MOHCD, the Department of Homelessness and Supportive Housing, the Office of Community Investment and Infrastructure, and the Controller's Office of Public Finance recommended approval to the Mayor of a permanent loan for the Project in an amount not to exceed $20,900,000; and

WHEREAS, The form of loan documents (the "Loan Documents") evidencing and securing the SSP Program loan for the Project are on file with the Clerk of the Board in File No. 240443, and include: a Declaration of Restrictions restricting the Project to affordable housing; a Loan Agreement; a City Option to Purchase; a Promissory Note; and a Deed of Trust; and

WHEREAS, A Declaration of Restrictions will restrict the Project as affordable housing to low- and moderate-income households with annual maximum rent and income established by MOHCD as long as all or any portion of the building remains on the property, but in no event less than 99 years; and

WHEREAS, The Declaration of Restrictions for the Project will not be subordinated to any third party financing instrument; and

WHEREAS, The Planning Department, by a letter dated April 1, 2024, determined that the proposed Project loan is not defined as a project under the California Environmental Quality Act ("CEQA") [Pub. Resources Code, Section 21000 et seq.] pursuant to CEQA Guidelines Sections 15378 and 15060(c)(2), and Chapter 31 of the City's Administrative Code, because it would not result in a direct or indirect physical change in the environment, and is consistent, on balance, with the General Plan, and the eight priority policies of Planning Code, Section 101.1, which letter is on file with the Clerk of the Board of Supervisors in File No. 240443, and incorporated herein by this reference; now, therefore, be it

RESOLVED, This Board affirms the Planning Department's determination under CEQA and finds that the proposed Project loan is consistent, on balance, with the General Plan, and the eight priority policies of Planning Code, Section 101.1 for the reasons set forth in the Director of Planning's letter; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan Documents, and authorizes the Mayor and the Director of MOHCD or the Director's designee to negotiate and enter into agreements based upon and substantially in the form of the Loan Documents for the Project (including, without limitation, modifications of the Loan Documents, and preparation and attachment of, or changes to, any of all of the exhibits and ancillary agreements) and any other documents or instruments necessary in connection therewith, that the Director determines, in consultation with the City Attorney, 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, are necessary or advisable to effectuate the purposes and intent of this Resolution and are in compliance with all applicable laws, including the City Charter; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and delegates to the Director of MOHCD and/or the Director of Property, and their designees, the

authority to undertake any actions necessary to protect the City's financial security in the Project and enforce the affordable housing restrictions, which may include, without limitation, acquisition of a Project site upon foreclosure and sale at a trustee sale, acceptance of a deed in lieu of foreclosure, or curing the default under a senior loan; and, be it

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

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

RECOMMENDED:

/s/ Daniel Adams

Daniel Adams

Director, Mayor's Office of Housing and Community Development

City and County of San Francisco
Tails
Resolution

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

File Number: 240443 **Date Passed:** May 21, 2024

Resolution approving and authorizing the Director of the Mayor's Office of Housing and Community Development ("MOHCD") to execute loan documents for the permanent financing of 1005 Powell Street pursuant to the Small Sites Program, for a total loan amount not to exceed $20,900,000; confirming the Planning Department's determination under the California Environmental Quality Act; finding that the loan is consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and authorizing the Director of MOHCD or their designee to make certain modifications to the loan documents and take certain actions in furtherance of this Resolution, as defined herein.

May 15, 2024 Budget and Finance Committee - RECOMMENDED

May 21, 2024 Board of Supervisors - ADOPTED

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

File No. 240443

I hereby certify that the foregoing Resolution was ADOPTED on 5/21/2024 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

5/31/24
Date Approved