

AMENDED IN COMMITTEE  
10/16/2019

FILE NO. 190980

RESOLUTION NO.

[Loan Agreement - Block 6 Housing Partners, L.P. - Sunnydale HOPE SF Block 6 - Not To Exceed \$18,647,014]

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**Resolution approving and authorizing the Director of the Mayor’s Office of Housing and Community Development to execute an Amended and Restated Loan Agreement with Block 6 Housing Partners, L.P., a California limited partnership, for a total loan amount not to exceed \$18,647,014 to finance the construction of a 167-unit multifamily rental housing development for low-income households, which will be known as Sunnydale HOPE SF Block 6; and 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.**

WHEREAS, HOPE SF is the nation’s first large-scale public housing transformation collaborative aimed at disrupting intergenerational poverty, reducing social isolation, and creating vibrant mixed-income communities without mass displacement of current residents; and

WHEREAS, HOPE SF, the City’s signature anti-poverty and equity initiative, is committed to breaking intergenerational patterns related to the insidious impacts of trauma and poverty, and to creating economic and social opportunities for current public housing residents through deep investments in education, economic mobility, health and safety; and

WHEREAS, The Housing Authority of the City and County of San Francisco (“SFHA”) owns and operates 775 units of public housing on the approximately 50-acre site, known as Sunnydale-Velasco; and

WHEREAS, In 2007, SFHA issued a Request for Proposals (“RFP”), seeking submittals from qualified respondents to develop the Sunnydale HOPE SF Master Plan; and

1           WHEREAS, Mercy Housing Corporation, a California nonprofit public benefit  
2 corporation (“Mercy”), in collaboration with the Related Company, a California corporation  
3 (“Related”), jointly responded to the RFP and were selected to be the developer for the  
4 Sunnydale HOPE SF Master Plan; and

5           WHEREAS, Mercy and Related established a separate entity named Sunnydale  
6 Development Co., LLC (the “Master Developer”) under which to plan and develop the  
7 Sunnydale HOPE SF Master Plan; and

8           WHEREAS, The Sunnydale HOPE SF Master Plan consists of (i) a maximum of 1,770  
9 units, of which 775 are replacement units for existing Sunnydale-Velasco households,  
10 approximately 200 are additional affordable housing units, and up to 730 units will be for  
11 market rate homeownership or rental, (ii) all new streets and utility infrastructure, (iii) 3.6 acres  
12 of new open spaces, and (iv) approximately 60,000 square feet of new neighborhood serving  
13 spaces; and

14           WHEREAS, By Ordinance No. 18-17, the Board of Supervisors approved a  
15 Development Agreement with the Developer relating to the Sunnydale HOPE SF Master Plan  
16 Site (the "Development Agreement") under Administrative Code Chapter 56, which Ordinance  
17 is on file with the Clerk of the Board of Supervisors in File No. 161164 and is incorporated  
18 herein by reference; and

19           WHEREAS, By Ordinance No. 20-17, the Board of Supervisors made findings under  
20 the California Environmental Quality Act (Public Resources Code Sections 21000 et seq.) and  
21 findings of consistency with the General Plan, and the eight priority policies of Planning Code,  
22 Section 101.1, which Ordinance is on file with the Clerk of the Board of Supervisors in File  
23 No. 161309 and is incorporated herein by reference; and

24           WHEREAS, The City, acting through the Mayor’s Office of Housing and Community  
25 Development (“MOHCD”), administers a variety of housing programs that provide financing for

1 the development of new affordable housing and the rehabilitation of single- and multi-family  
2 housing for low- and moderate-income households and resources for homeowners in San  
3 Francisco; and

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

8 WHEREAS, The Master Plan Developer desires to commence the second affordable  
9 housing development of the Master Plan, which will include construction of approximately 125  
10 public housing replacement units and 41 new affordable rental units in Sunnydale HOPE SF  
11 Block 6 (the, "Project"); and

12 WHEREAS, The Master Developer established a separate entity named Sunnydale  
13 Block 6 Housing Partners, L.P., a California limited partnership (the "Sunnydale Block 6  
14 Developer") to undertake the Project; and

15 WHEREAS, MOHCD provided Sunnydale Block 6 Developer with loans to commence  
16 predevelopment activities for the Project; and

17 WHEREAS, On April 19, 2019, the Citywide Affordable Housing Loan Committee,  
18 consisting of MOHCD, Department of Homelessness and Supportive Housing, the Office of  
19 Community Investment and Infrastructure and SFHA, recommended approval to the Mayor of  
20 a loan to the Sunnydale Block 6 Developer for the Project in a total amount not to exceed  
21 \$18,647,014; and

22 WHEREAS, To leverage equity from an allocation of low-income housing tax credits,  
23 issuance of tax exempt bonds, and other funding sources in order for the Sunnydale Block 6  
24 Developer to construct the Project, MOHCD desires to provide a loan in the amount not to  
25 exceed \$18,647,014 to the Sunnydale Block 6 Developer pursuant to an Amended and

1 Restated Loan Agreement (“Agreement”) in substantially the form on file with the Clerk of the  
2 Board of Supervisors in File No. 190980, and in such final form as approved by the Director of  
3 MOHCD and the City Attorney; and

4 WHEREAS, The material terms of the Agreement also include: (i) a minimum term of  
5 57 years; and (ii) will bear interest at 3% per annum; now, therefore, be it

6 RESOLVED, That the Board of Supervisors hereby adopts the findings contained in  
7 Ordinance 20-17 regarding the California Environmental Quality Act for the Project, and  
8 hereby incorporates such findings by reference as though fully set forth in this Resolution;  
9 and, be it

10 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project is  
11 consistent with the General Plan, and with the eight priority policies of Planning Code,  
12 Section 101.1 for the same reasons as set forth in Ordinance 20-17, and hereby incorporates  
13 such findings by reference as though fully set forth in this Resolution; and, be it

14 FURTHER RESOLVED, That the Board of Supervisors hereby approves the  
15 Agreement and authorizes the Director of MOHCD or his or her designee to enter into any  
16 amendments or modifications to the Agreement (including, without limitation, preparation and  
17 attachment or, or changes to, any of all of the exhibits and ancillary agreements) and any  
18 other documents or instruments necessary in connection therewith that the Director  
19 determines, in consultation with the City Attorney, are in the best interest of the City, do not  
20 materially increase the obligations or liabilities for the City or materially diminish the benefits of  
21 the City, are necessary or advisable to effectuate the purposes and intent of this Resolution  
22 and are in compliance with all applicable laws, including the City Charter; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and  
24 delegates to the Director of MOHCD and/or the Director of Property, and their designees, the  
25 authority to undertake any actions necessary to protect the City’s financial security in the

1 Property and enforce the affordable housing restrictions, which may include, without limitation,  
2 acquisition of the Property upon foreclosure and sale at a trustee sale, acceptance of a deed  
3 in lieu of foreclosure, or curing the default under a senior loan; and, be it

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

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

10 FURTHER RESOLVED, That the MOHCD Acting Director will provide a report to the  
11 Board of Supervisors, no later than December 9, 2019, detailing the City's procedures to  
12 contain the costs of affordable housing development.

1 Recommended

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4 Daniel Adams, Acting Director  
Mayor's Office of Housing and Community Development

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