

1 [Loan Documents - Amendment to an Existing Loan Agreement - The San Francisco Housing  
Accelerator Fund - Not to Exceed \$20,000,000]

2  
3 **Resolution approving and authorizing the Director of the Mayor’s Office of Housing and**  
4 **Community Development to execute an Amendment to the Loan Documents related to**  
5 **an existing Loan Agreement with the San Francisco Housing Accelerator Fund**  
6 **(“SFHAF”), a California nonprofit public benefit corporation, for an increase in an**  
7 **amount not to exceed \$10,000,000 for a total loan amount of \$20,000,000 and a**  
8 **minimum loan term of 20 years to support the SFHAF in reducing capital costs and**  
9 **improving the availability of SFHAF financing for private-party affordable housing**  
10 **acquisitions and rehabilitations in San Francisco; and adopting findings that the Loan**  
11 **Agreement is consistent with the California Environmental Quality Act.**

12  
13 WHEREAS, The average monthly rent for a two-bedroom apartment in San Francisco  
14 jumped from \$2,611 in 2011 to \$4,550 in 2019, an increase of almost 75% in eight years,  
15 according to real estate analyst Rent Jungle; and

16 WHEREAS, For a family of four with an annual income equaling San Francisco’s 2019  
17 area median income (“AMI”) of \$123,150, a monthly rent payment of \$4,550 consumes 44%  
18 of the family’s monthly income; and

19 WHEREAS, While low income San Francisco households earning less than 50% of  
20 AMI have faced significant rent burdens for decades, the City’s high cost of housing now  
21 burdens even moderate income households with an annual income of up to 200% of AMI; and

22 WHEREAS, High housing costs across the Bay Area have caused displacement, the  
23 loss of cultural and ethnic diversity in some communities, transportation pressures, and  
24 overall social and economic hardship; and

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

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

9           WHEREAS, Among its programs, MOHCD administers anti-displacement and  
10 preservation programs such as the Small Sites Program (or “SSP”), the Preservation and  
11 Seismic Safety Program (“PASS”), and the Downtown Neighborhoods Preservation Fund  
12 (“DNFP”) for the purpose of preserving and stabilizing San Francisco’s existing rental housing  
13 stock of buildings occupied by low- to moderate-income tenants who are vulnerable to  
14 displacement due to market-driven increases in evictions; and

15           WHEREAS, MOHCD’s programs help San Franciscans avoid displacement and  
16 eviction by removing properties from the speculative market, stabilizing housing for current  
17 tenants of those properties, and converting the properties to permanently affordable housing;  
18 and

19           WHEREAS, On April 22, 2016, MOHCD issued a Request for Qualifications (“RFQ”) for  
20 the selection of a qualified existing nonprofit loan fund to raise capital, reduce capital costs,  
21 leverage funds, and improve the availability of financing for private-party affordable housing  
22 acquisitions and repairs in the City; and

23           WHEREAS, The SFHAF, a California nonprofit public benefit corporation, responded to  
24 the RFQ; and

25

1           WHEREAS, The SFHAF was selected, as set forth in the qualifications submitted to  
2 MOHCD, to provide financing for property acquisition, predevelopment, and light to moderate  
3 rehabilitation to experienced, for-and not-for profit developers of affordable, supportive, and  
4 mixed income housing who produce affordable, supportive, mixed income, or middle income  
5 housing; and

6           WHEREAS, On April 17, 2017, the City made a loan of funds to the SFHAF in the  
7 amount of \$10,000,000 and for a term of 20 years to fund certain costs related to the  
8 Development activities for specific projects as selected and approved by the SFHAF; and

9           WHEREAS, The SFHAF continues to play a critical role in advancing the City's anti-  
10 eviction and preservation strategies by providing fast-acting private party capital for the  
11 acquisition, rehabilitation, and preservation of multi-family housing, among other activities;  
12 and

13           WHEREAS, On June 21, 2019, through Ordinance No. 112-19, the Board of  
14 Supervisors established the Affordable Housing Production and Preservation Fund (the  
15 "ERAF Affordable Housing Production and Preservation Fund") to receive appropriated  
16 excess Education Revenue Augmentation Fund revenues received by the City, for the  
17 purpose of funding land acquisition and production of new 100% affordable housing projects  
18 and acquisition and preservation of existing housing to make that housing permanently  
19 affordable; and

20           WHEREAS, MOHCD desires to use the ERAF Affordable Housing Production and  
21 Preservation Fund for the purpose of increasing the existing loan with the SFHAF to a total  
22 loan amount not to exceed \$20,000,000 and amend the loan term of not to exceed 20 years  
23 from the date of the amendment, in order for SFHAF to continue providing financing for  
24 property acquisition, predevelopment, and light to moderate rehabilitation to experienced, for-  
25

1 and not-for profit developers of affordable, supportive, and mixed income housing who  
2 produce affordable, supportive, mixed income, or middle income housing;

3 WHEREAS, The form of loan documents (the “Loan Documents”) evidencing the loan  
4 are on file with the Clerk of the Board in File No. 191116, and include: a First Amendment to a  
5 Loan Agreement and a Note; now, therefore, be it

6 RESOLVED, That the Board of Supervisors hereby approves the Loan Documents,  
7 and authorizes the Director of MOHCD or the Director’s designee to negotiate and enter into  
8 agreements based upon and substantially in the form of the Loan Documents (including,  
9 without limitation, modifications of the Loan Documents, and preparation and attachment of,  
10 or changes to, any of all of the exhibits and ancillary agreements) and any other documents or  
11 instruments necessary in connection therewith, that the Director determines, in consultation  
12 with the City Attorney, are in the best interest of the City, do not materially increase the  
13 obligations or liabilities for the City or materially diminish the benefits of the City, or are  
14 necessary or advisable to effectuate the purposes and intent of this Resolution and are in  
15 compliance with all applicable laws, including the City Charter; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and  
17 delegates to the Director of MOHCD and/or the Director of Property, and their designees, the  
18 authority to undertake any actions necessary to protect the City’s financial security in the  
19 Loan; and, be it

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

23  
24  
25

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

4  
5            RECOMMENDED:

6  
7 \_\_\_\_\_  
8 Dan Adams  
9 Acting Director, Mayor’s Office of Housing and Community Development