

1 [Loan Documents - 270 Turk Street - Small Sites Program, Preservation and Seismic Safety  
2 Program, Downtown Neighborhoods Preservation Fund, Educational Revenue Augmentation  
3 Fund - Loans for Affordable Housing - Up to \$31,780,000]

3

4 **Resolution approving and authorizing the Director of the Mayor’s Office of Housing and**  
5 **Community Development to execute documents relating to loans for the acquisition,**  
6 **rehabilitation, or permanent financing of 270 Turk Street pursuant to the Small Sites**  
7 **Program, Preservation and Seismic Safety Program, the Downtown Neighborhoods**  
8 **Preservation Fund, and the Educational Revenue Augmentation Fund for a total loan**  
9 **amount not to exceed \$31,780,000; confirming the Planning Department’s**  
10 **determination under the California Environmental Quality Act; and finding that the**  
11 **Project loans are consistent with the General Plan, and the eight priority policies of**  
12 **Planning Code, Section 101.1.**

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

17 WHEREAS, For a family of four with an annual income equaling San Francisco’s 2018  
18 area median income (“AMI”) of \$118,400, a monthly rent payment of \$4,550 consumes 46%  
19 of the family’s monthly income; and

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

23 WHEREAS, High housing costs across the Bay Area have caused displacement, the  
24 loss of cultural and ethnic diversity in some communities, transportation pressures, and  
25 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 the Small Sites Program (or  
10 “SSP”) for the purpose of preserving and stabilizing San Francisco’s existing rental housing  
11 stock of buildings that are occupied by low- to moderate-income tenants who are vulnerable to  
12 displacement due to market-driven increases in evictions; and

13           WHEREAS, The Small Sites Program helps San Franciscans avoid displacement and  
14 eviction by removing properties from the speculative market, stabilizing housing for current  
15 tenants of those properties, and converting the properties to permanently affordable housing;  
16 and

17           WHEREAS, MOHCD administers the Downtown Neighborhoods Preservation Fund  
18 (“Downtown Neighborhoods Preservation Fund,” or “DNPF”) for the purpose of preserving and  
19 stabilizing San Francisco’s existing rental housing exclusively for the acquisition and  
20 preservation of buildings occupied by low-to-moderate income tenants located within a one-  
21 mile radius of 50 First Street; the Downtown Neighborhoods Preservation Fund prioritizes  
22 buildings with 26 or more residential units; and

23           WHEREAS, MOHCD administers the Educational Revenue Augmentation Fund (the  
24 “ERAF Affordable Housing Production and Preservation Fund” or “ERAF”) for the purpose of  
25 funding land acquisition and production of new 100% affordable housing projects and

1 acquisition and preservation of existing housing to make that housing permanently affordable;  
2 and

3 WHEREAS, The Small Sites Program funds administered by MOHCD include the  
4 Preservation and Seismic Safety Program (“PASS Program”), which provides low-cost and  
5 long-term financing for the acquisition, rehabilitation, and preservation of multi-family housing  
6 as well as seismic retrofits; and

7 WHEREAS, The PASS Program plays a critical role in advancing the City’s anti-  
8 eviction and preservation strategies like the Small Sites Program by providing access to a  
9 nimble source of financing not currently available on the conventional market; and

10 WHEREAS, MOHCD expects to close on the SSP, PASS, DNPf, and ERAF loan  
11 funds transaction for 270 Turk Street, an 86 unit multifamily residential property in the  
12 Tenderloin (the “Project”); and

13 WHEREAS, The form of loan documents (the “Loan Documents”) evidencing and  
14 securing the SSP, PASS, DNPf, and ERAF Program loans for the Project are on file with the  
15 Clerk of the Board in File No. \_\_\_\_\_, and include: a Declaration of Restrictions restricting  
16 the Project to affordable housing; a Loan Agreement; four Promissory Notes; and two Deeds  
17 of Trust; and

18 WHEREAS, A Declaration of Restrictions will restrict the Project as affordable housing  
19 to low- and moderate-income households with annual maximum rent and income established  
20 by MOHCD as long as all or any portion of the building remains on the property, but in no  
21 event less than 75 years; and

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

24 WHEREAS, On June 19, 2020, the Citywide Affordable Housing Loan Committee,  
25 consisting of representatives of MOHCD, the Department of Homelessness and Supportive

1 Housing, and the Office of Community Investment and Infrastructure, recommended approval  
2 to the Mayor of a loan for the Project in an amount not to exceed \$31,780,000; and

3 WHEREAS, The Planning Department, by letter dated May 13, 2019, and Note to File  
4 dated July 7, 2020, determined that the proposed Project loan is not considered a project  
5 under the California Environmental Quality Act (“CEQA”, Pub. Resources Code, Section  
6 21000 et seq.) pursuant to CEQA Guidelines, Section 15060, and Chapter 31 of the City’s  
7 Administrative Code, and is consistent, on balance, with the General Plan, and the eight  
8 priority policies of Planning Code, Section 101.1, which letter is on file with the Clerk of the  
9 Board of Supervisors in File No. \_\_\_\_\_, and incorporated herein by this reference; now,  
10 therefore, be it

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

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

1           FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and  
2 delegates to the Director of MOHCD and/or the Director of Property, and their designees, the  
3 authority to undertake any actions necessary to protect the City’s financial security in the  
4 Project and enforce the affordable housing restrictions, which may include, without limitation,  
5 acquisition of a Project site upon foreclosure and sale at a trustee sale, acceptance of a deed  
6 in lieu of foreclosure, or curing the default under a senior loan; and, be it

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

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

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RECOMMENDED:  
/s/ Eric D. Shaw  
Eric D. Shaw  
Director, Mayor's Office of Housing and Community Development