

1 [Loan Agreement - Ambassador Ritz Four Percent, L.P. - 55 Mason Street and 216 Eddy
2 Street - Not to Exceed \$44,465,000]

3 **Resolution approving and authorizing the execution of a Loan Agreement with**
4 **Ambassador Ritz Four Percent, L.P., a California limited partnership, in an aggregate**
5 **total amount not to exceed \$44,465,000 for a minimum term of 55 years for a portion**
6 **of the loan amount and maximum terms of 15 years, 28 years, and 40 years for other**
7 **portions of the loan amount based on the requirements of the funding sources, to**
8 **finance the acquisition and rehabilitation of an existing 100% affordable multifamily**
9 **rental housing project for low income households, known as “Ambassador Ritz 4%,”**
10 **consisting of 187 rental units in two buildings located at 55 Mason Street and 216**
11 **Eddy Street; and adopting findings that the Loan Agreement is consistent with the**
12 **General Plan, and the eight priority policies of Planning Code, Section 101.1.**

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

19 WHEREAS, Among its programs, MOHCD administers the Preservation and
20 Seismic Safety Program (“PASS Program”), which provides low-cost and long-term
21 financing for the acquisition, rehabilitation, and preservation of multi-family housing as well
22 as seismic retrofits. The PASS Program plays a critical role in advancing the City’s anti-
23 eviction and preservation strategies by providing access to a nimble source of financing not
24 currently available on the conventional market; and

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

6 WHEREAS, Ambassador Ritz Four Percent, L.P., (or an affiliate thereof or
7 successor thereto) (the "Borrower") desires to acquire and rehabilitate 187 units of
8 affordable residential rental housing located at 55 Mason Street and 216 Eddy Street , San
9 Francisco, California 94102 (the "Project"); and

10 WHEREAS, The Planning Department, by letter dated June 22, 2021, found that the
11 Project was determined to be categorically exempt from the California Environmental
12 Quality Act ("CEQA") under CEQA Guidelines, Section 15378 and 15060(c)(2), and is
13 consistent, on balance, with the General Plan, and with the eight priority policies of
14 Planning Code, Section 101.1, and made findings in connection therewith (the "General
15 Plan Consistency Determination"), a copy of which is on file with the Clerk of the Board of
16 Supervisors in File No. 210764 and is incorporated into this Resolution by reference; and

17 WHEREAS, On June 4, 2021, the Citywide Affordable Housing Loan Committee,
18 consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of
19 Community Investment and Infrastructure, and the Controller's Office of Public Finance,
20 recommended approval to the Mayor of a loan for the Project in an amount not to exceed
21 \$44,465,000; and

22 WHEREAS, The City and the former Redevelopment Agency of the City and County
23 of San Francisco previously provided several loans for acquisition and rehabilitation of the
24 Project, and MOHCD and Borrower have agreed to consolidate such existing loans to the
25 Project in an amount up to \$31,565,000; and

1 WHEREAS, The Borrower has requested a senior permanent loan in an amount up
2 to \$12,900,000 of PASS Program funds for costs of rehabilitation, for a total aggregate loan
3 for the Project not to exceed \$44,465,000; and

4 WHEREAS, To leverage equity from an allocation of low-income housing tax credits,
5 issuance of tax exempt bonds, and other funding sources in order for the Sponsor to
6 construct the Project, MOHCD desires to provide a loan in the amount not to exceed
7 \$44,465,000 to the Sponsor pursuant to a Loan Agreement (“Agreement”) in substantially
8 the form on file with the Clerk of the Board of Supervisors in File No. 210764, and in such
9 final form as approved by the Director of MOHCD and the City Attorney; and

10 WHEREAS, The material terms of the Agreement include: (i) a minimum term of 55
11 years for a portion of the loan amount; maximum terms of 15 years, 28 years, and 40 years
12 for the portion of the loan amount based on the requirements of the PASS Program funding
13 sources; (ii) interest rates shall be set at distinct rates for portions of the funds as follows:
14 up to the Applicable Federal Rate, compounded annually, for the existing consolidated
15 loan, and PASS Program interest rates of up to 3.87289%, 0.95763%, and 0.95763%;; (iii)
16 annual repayment of a portion of the loan through residual receipts Project; (iv) the Project
17 shall be restricted for (a) the Seventy Fifth (75th) anniversary of the date the Deed of Trust
18 is recorded in the Recorder’s Office of San Francisco County, even if the Loan is repaid or
19 otherwise satisfied or the Deed of Trust is reconveyed or (b) the end of the Life of the
20 Project; provided, however, that if the Life of the Project is less than 75 years due to
21 casualty, then the end date of the Life of the Project controls, as affordable housing to low-
22 income households with annual maximum rent and income established by MOHCD; (v) the
23 loan shall be secured by a deed of trust recorded against the Sponsor’s interest in the
24 Project; now, therefore, be it

1 RESOLVED, That the Board of Supervisors hereby finds that Project is consistent
2 with the General Plan, and the eight priority policies of Planning Code, Section 101.1, or
3 the same reasons as set forth in the General Plan Consistency Determination; and, be it

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

14 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
15 delegates to the Mayor and Director of MOHCD, and his designee, the authority to
16 undertake any actions necessary to protect the City's financial security in the Project and
17 enforce the affordable housing restrictions, which may include, curing the default under a
18 senior loan; and, be it

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

22 FURTHER RESOLVED, That within thirty (30) days of the Agreement being fully
23 executed by all parties, MOHCD shall provide the final Agreement to the Clerk of the Board
24 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