Resolution approving and authorizing the execution of a Loan Agreement with CCDC Throughline L.L.C., a California limited liability corporation, in an aggregate total amount not to exceed $26,286,000 for a minimum term of 55 years for a portion of the loan amount and maximum terms of 40 years for other portions of the loan amount based on the requirements of the funding sources, to finance the acquisition and rehabilitation of three existing 100% affordable multifamily rental housing projects for low income households, known as "Throughline Apartments," consisting of 88 rental units and four commercial spaces in three buildings located at 777 Broadway, 1525 Grant Avenue, and 1207 Mason Street; and adopting findings that the Loan Agreement is consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

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

WHEREAS, The City and County of San Francisco is authorized under a contract with the United States Department of Housing and Urban Development (“HUD”) pursuant to Title I of the Housing and Community Development Act of 1974 (42 U.S.C. §§ 5301 et seq.), to distribute Community Development Block Grant (“CDBG”) funds for the specific and special purpose of increasing the housing stock in the City for low- and very low-income persons; and
WHEREAS, In November 2012, the voters of the City approved Proposition C, which established a Housing Trust Fund to provide funds for the creation, acquisition, and rehabilitation of rental and ownership housing affordable to households earning up to 120% of the area median income, including, without limitation, the acquisition of land for such purpose (the “HTF Funds”); under Section 16.110 et seq. of the San Francisco City Charter, the City is authorized to provide funds from the Housing Trust Fund for the development of affordable housing; and

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

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

WHEREAS, CCDC Throughline L.L.C., (or an affiliate thereof or successor thereto) (the “Borrower”) desires to acquire and rehabilitate 88 units of affordable residential rental housing and four commercial spaces located at 777 Broadway (“Bayside”), 1525 Grant Avenue (“Tower”), and 1207 Mason Street (“Consorcia”), San Francisco, California 94133-108 (the “Project”); and

WHEREAS, The Project is found to be categorically exempt from the California Environmental Quality Act (“CEQA”) as all three buildings are categorized as Historic
Resources, with no preservation designation under The Planning Department's Preservation Bulletin No. 16, which outlines the CEQA review process for Historic Resources and limits the Planning Department's review of the Project to the exterior façade, and is consistent, on balance, with the General Plan, and with the eight priority policies of Planning Code, Section 101.1, and made findings in connection therewith (the "General Plan Consistency Determination"), a copy of which is on file with the Clerk of the Board of Supervisors in File No. 220094 and is incorporated into this Resolution by reference; and

WHEREAS, On October 15, 2021, the Citywide Affordable Housing Loan Committee, consisting of MOHCD, Department of Homeless 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 loan for the Project in an amount not to exceed $26,286,000; and

WHEREAS, The City and County of San Francisco previously provided several loans for acquisition and rehabilitation of the Project, and MOHCD and Borrower have agreed to consolidate such existing loans to the Project in an amount up to $6,125,000; and

WHEREAS, On October 15, 2021, the Citywide Affordable Housing Loan Committee, consisting of MOHCD, Department of Homeless and Supportive Housing, the Office of Community Investment and Infrastructure, and the Controller’s Office of Public Finance agreed to forgive the accrued interest on the existing loans to the Project in an amount up to $2,399,000; and

WHEREAS, The Borrower has requested a senior permanent loan in an amount up to $8,499,000 of PASS Program funds and $14,840,000 in HTF-CDBG funds for costs of
rehabilitation and acquisition, for a total aggregate loan for the Project not to exceed 

$26,286,000; and

WHEREAS, To leverage equity from an allocation of low-income housing tax credits, issuance of tax exempt bonds, and other funding sources in order for the Sponsor to construct the Project, MOHCD desires to provide a loan in the amount not to exceed $26,286,000 to the Sponsor pursuant to a Loan Agreement ("Agreement") in substantially the form on file with the Clerk of the Board of Supervisors in File No. 220094, and in such final form as approved by the Director of MOHCD and the City Attorney; and

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

WHEREAS, The City and the Borrower have agreed to enter into a Purchase Option Agreement, prior to or concurrent with execution of the Agreement, providing the City with
an option and right of first refusal to acquire the Project upon any proposed transfer of the
Project, among other certain events; now, therefore, be it

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

FURTHER RESOLVED, That the Board of Supervisors hereby approves the
Agreement and authorizes the Mayor and the Director of MOHCD or his designee to enter
into any amendments or modifications to the Agreement (including, without limitation,
preparation and attachment or, or changes to, any of all of the exhibits and ancillary
agreements) and any other documents or instruments necessary in connection therewith
that the Acting 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 Mayor and Director of MOHCD, and his designee, 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, 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 Agreement being fully executed by all parties, MOHCD shall provide the final Agreement to the Clerk of the Board for inclusion into the official file.

RECOMMENDED:

/is/ Eric D. Shaw

Eric D. Shaw
Director, Mayor's Office of Housing and Community Development
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February 09, 2022 Budget and Finance Committee - CONTINUED TO CALL OF THE CHAIR

March 16, 2022 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

March 16, 2022 Budget and Finance Committee - RECOMMENDED AS AMENDED

March 22, 2022 Board of Supervisors - ADOPTED
Ayes: 10 - Chan, Haney, Mandelman, Mar, Melgar, Preston, Ronen, Safai, Stefani and Walton
Excused: 1 - Peskin
I hereby certify that the foregoing Resolution was ADOPTED on 3/22/2022 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Date Approved

3/28/22