Resolution approving and authorizing the Director of the Mayor’s Office of Housing and Community Development with 2550 Irving Associates, L.P. to execute loan documents relating to a loan to provide financing for the acquisition of real property located at 2550 Irving Street, and predevelopment activities for a 100% affordable multifamily rental building, in an aggregate amount not to exceed $14,277,516; approving the form of the loan agreement and ancillary documents; ratifying and approving any action heretofore taken in connection with the property; granting general authority to City officials to take actions necessary to implement this Resolution, as defined herein; and finding that the loan is consistent the General Plan, and the 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 financing the development of new affordable housing and rehabilitation of single- and multi-family housing for low- and moderate-income households and resources for homeowners in San Francisco; and

WHEREAS, MOHCD enters into loan agreements with affordable housing developers for the purpose of acquiring and developing 100% affordable housing within the City; and

WHEREAS, The 2019 Affordable Housing Bond priorities include $15M each for acquisition and predevelopment of low-income family and senior housing production to achieve geographic balance; and

WHEREAS, MOHCD published a Notice of Funding Availability for acquisition and predevelopment financing on December 27, 2019 to finance site acquisition and...
predevelopment activities for proposed affordable family housing located in Districts 1, 2, 4, 7 and 8; and

WHEREAS, District 4 consistently has the lowest cumulative housing balance in the City’s Housing Balance Report, due to low production and extreme loss of protected status units, and has lost 461 units of rent-controlled housing in the last decade; and

WHEREAS, In fiscal year 19-20, there were 4,430 applications for affordable housing in District 4, and only 35 applicants, less than 1%, were placed in affordable housing, all outside of the Sunset; and

WHEREAS, the Planning Department’s Community Needs Assessment Report, a part of the Sunset Forward neighborhood community planning process which aims to “stabilize low- and moderate-income families and seniors in the Sunset”, showed that 65% of residents think that housing in the Sunset is unaffordable and 40% think their future housing needs will not be met in their existing homes; and

WHEREAS, Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, was recommended for an acquisition and predevelopment loan under the NOFA, and established 2550 Irving Associates, L.P., a California limited partnership (the “Borrower”) as an affiliate to acquire the Property and develop affordable housing; and

WHEREAS, The Borrower intends to acquire the real property located at 2550 Irving Street, San Francisco (the “Property”) in order to develop a 100% affordable family rental housing for extremely-low, very-low, low-, and moderate-income households with studio, 1-bedroom, 2-bedroom, and 3-bedroom units, and ancillary space for residential property staff offices and social services support, and a community-serving space, to be commonly known as “2550 Irving”; and

WHEREAS, On April 2, 2021, the Citywide Affordable Housing Loan Committee recommended approval to the Mayor of a loan in an amount not to exceed $14,277,516 (the
“Loan”) to finance Borrower’s acquisition of the Property and predevelopment activities associated with the development of affordable family housing on the Property; and

WHEREAS, MOHCD desires to provide the Loan to the Borrower pursuant to a Loan Agreement, a Secured Acquisition Promissory Note, a Secured Predevelopment Promissory Note, Declaration of Restrictions, and a Deed of Trust (collectively, “Loan Documents”), in substantially the form on file with the Clerk of the Board in File No. 210763, and in such final form as approved by the Director of MOHCD and the City Attorney; and

WHEREAS, The material terms of the Loan Documents include: (i) a term of 57 years; (ii) an interest rate of up to three percent (3%); (iii) annual repayment of the loan through residual receipts; (iv) the Property will be restricted for life of the project as 100% affordable family housing to lower- and moderate-income households with annual maximum rent and income established by MOHCD; (v) the loan will be secured by a deed of trust recorded against the Property; and (vi) if the Property cannot be developed within the time period required by MOHCD’s loan agreement time period, the City can require the Property to be transferred to another nonprofit organization or conveyed to the City; and

WHEREAS, It is the City’s intent to enter into an agreement in which the City will take ownership of the Property and enter into a ground lease for the Property with the Borrower at the time of construction of the affordable housing; and

WHEREAS, The FY22-23 budget for the City includes a proposed subsidy for SRO families that is pending approval by the Board of Supervisors; and

WHEREAS, City officials have received communications reflecting diverse perspectives in the neighborhood, including supporting the maximum number of units possible, supporting a shorter building due to concerns about height, and opposition to affordable housing at the site; which has divided the community in controversy; and
WHEREAS, The Department of Toxic Substances Control verified the onsite presence of the contaminant tetrachloroethene (PCE), has determined action is needed to ensure the Site is suitable for residential use, and has recommended that TNDC prepare a Response Plan. TNDC has submitted a draft for DTSC approval and that the Response Plan approval is a condition of the loan disbursement according to the Citywide Affordable Housing Loan Committee Evaluation; and

WHEREAS, The Planning Department, through the General Plan Referral letter dated June 21, 2021, found that the loan for the acquisition of the Property is not considered a project under the California Environmental Quality Act (“CEQA”, Pub. Resources Code Section 21000 et seq.) pursuant to CEQA Guidelines Section 15060 and Chapter 31 of the City’s Administrative Code, and is consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; which letter is on file with the Clerk of the Board of Supervisors in File No. 210763, and incorporated herein by this reference; now, therefore, be it

RESOLVED, This Board affirms the Planning Department’s determination that the proposed loan is consistent, on balance, with the General Plan and with Planning Code Section 101.1 for the reasons set forth in the Director of Planning’s letter;

RESOLVED, That the Board of Supervisors urges MOHCD to consider applying an SRO families operating subsidy for 2550 Irving if such subsidy program is approved, created and funded by the Board of Supervisors, and, be it

RESOLVED, That the Board of Supervisors urges MOCHD and TNDC to have a transparent community process to find an equitable balance between the goal of maximizing housing units and addressing concerns of nearby residents about height and scale, within existing zoning and feasibility; and, be it
FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan Documents, and authorizes the Director of MOHCD or the Director’s designee to enter into the Loan Documents, including, without limitation, modifications of the Loan Documents, and preparation and attachment of, or changes to, any of all of the exhibits and ancillary agreements, and any other documents or instruments necessary in connection therewith, that the 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, or 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 Director of MOHCD and/or the Director of Property, and their designees, the authority to undertake any actions necessary to protect the City’s financial security in the Property and enforce the affordable housing restrictions, which may include, without limitation, acquisition of the Property upon foreclosure and sale at a trustee sale, acceptance of a deed in lieu of foreclosure, or 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 Loan Documents being fully executed by all parties, MOHCD shall provide the Loan Agreement to the Clerk of the Board for inclusion into the official file.
RECOMMENDED:

/s/
Eric D. Shaw, Director
Mayor’s Office of Housing and Community Development
File Number: 210763  Date Passed: July 20, 2021

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July 14, 2021 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

July 14, 2021 Budget and Finance Committee - RECOMMENDED AS AMENDED

July 20, 2021 Board of Supervisors - ADOPTED
   Ayes: 11 - Chan, Haney, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 210763

I hereby certify that the foregoing Resolution was ADOPTED on 7/20/2021 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

7/30/2021
Date Approved