

File No. 101005

Committee Item No. 7

Board Item No. 12

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development Date August 9, 2010

Board of Supervisors Meeting

Date 09/21/10

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
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| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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OTHER

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Completed by: Alisa Somera Date August 6, 2010

Completed by: Alisa Somera Date September 9, 2010

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

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1 [Exceptions to Seismic Safety Loan Program Requirements to Allow for a \$15,000,000 Loan
2 to Arlington Residence - 480 Ellis Street]

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4 **Ordinance approving exceptions to requirements of the Seismic Safety Loan Program**
5 **pursuant to San Francisco Administrative Code Sections 66 and 66A and the Program**
6 **Regulations, dated May 2006, adopted by the Board of Supervisors through Ordinance**
7 **No. 122-06, to allow for a \$15,000,000 Seismic Safety Loan Program loan for an existing**
8 **affordable housing project at the Arlington Residence, 480 Ellis Street, San Francisco,**
9 **California.**

10 Note: Additions are *single-underline italics Times New Roman*;
11 deletions are ~~*italics Times New Roman*~~.
12 Board amendment additions are double underlined.
Board amendment deletions are ~~strikethrough-normal~~.

13 Be it ordained by the People of the City and County of San Francisco:

14 Section 1. Findings. The Board of Supervisors hereby finds and determines as follows:

15 (a) Mercy Housing California XL, L.P., a California limited partnership
16 ("Borrower") is acquiring an existing 173 unit affordable housing project located at 480 Ellis
17 Street, San Francisco, California and commonly known as the Arlington Residence (the
18 "Property"). Borrower is currently proposing to seismically retrofit and substantially
19 rehabilitate the Property in order to significantly extend the useful life of the Property (the
20 "Project").

21 (b) Pursuant to a loan evaluation report dated July 22, 2009 (the
22 "Evaluation"), the Unreinforced Masonry Building Loan Committee (the "Committee") and the
23 City and County of San Francisco Mayor's Office of Housing ("MOH") recommended providing
24 a \$15,000,000 Deferred Extended Loan (the "Loan") from the City and County of San
25 Francisco, acting by and through MOH, to the Borrower pursuant to San Francisco

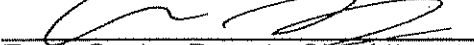
1 Administrative Code Sections 66 and 66A and the Seismic Safety Loan Program Regulations,
2 dated May 2006, adopted by the Board of Supervisors through Ordinance No. 122-06 ("SSLP
3 Program"), for the purpose of seismically retrofitting the Project. MOH adopted implementing
4 regulations for the SSLP Program in 1994, as amended in May 2006 ("Regulations").

5 (c) The Loan does not satisfy the loan-to-value ratio requirement nor the
6 alternative lending criteria set forth in the SSLP Program Section 66A.4 and the Regulations.
7 In accordance with the Evaluation, MOH has determined that the Loan is necessary to the
8 feasibility of the Project, and that preserving and extending the useful life of a significant
9 existing affordable housing resource is of overriding importance to the lending criteria outlined
10 in SSLP Program Section 66A.4 and the Regulations.

11 Section 2. In accordance with the recommendations of MOH and the Committee, the
12 Board of Supervisors hereby exempts the Loan and the Project from the loan-to-value ratio
13 requirement and the alternative lending criteria set forth in SSLP Program Section 66A.4 and
14 the Regulations, subject to all other requirements set forth in San Francisco Administrative
15 Code Sections 66 and 66A and the Regulations.

16 Section 3. The Board of Supervisors hereby authorizes the Director of MOH to take
17 any and all actions which the Director of MOH or the City Attorney may deem necessary or
18 advisable in order to effectuate the purpose and intent of this ordinance.

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21 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

22
23 By: 
Evan Gross, Deputy City Attorney

LEGISLATIVE DIGEST

[Exceptions to Seismic Safety Loan Program requirements to allow for a \$15,000,000 loan to Arlington Residence, 480 Ellis Street.]

Ordinance approving exceptions to requirements of the Seismic Safety Loan Program pursuant to San Francisco Administrative Code Sections 66 and 66A and the Program Regulations, dated May 2006, adopted by the Board of Supervisors through Ordinance No. 122-06, to allow for a \$15,000,000 Seismic Safety Loan Program ("SSLP") loan for an existing affordable housing project at the Arlington Residence, 480 Ellis Street, San Francisco, California.

Existing Law

If a residential building with units leased to low income households is seismically strengthened with Seismic Safety Loan Program ("SSLP") Deferred Extended Loans, it must meet certain underwriting criteria as set forth in San Francisco Administrative Code Section 66A.4 and the Seismic Safety Loan Program Regulations, dated May 2006, adopted by the Board of Supervisors through Ordinance No. 122-06, including but not limited to the requirement that the property to be rehabilitated by a SSLP Deferred Extended Loan have a loan to value ratio that does not exceed 95 percent.

Amendments to Current Law

This ordinance would exempt an existing affordable housing project known as Arlington Residence (the "Property") from the loan to value ratio requirement and the other underwriting criteria set forth in San Francisco Administrative Code Section 66A.4 and the Seismic Safety Loan Program Regulations. This exemption would allow the City, acting through the Mayor's Office of Housing, to provide a SSLP Deferred Extended Loan to finance seismic retrofit work on the Property.

Background Information

The existing building located at 480 Ellis Street and commonly known as Arlington Residence is an existing 173-unit affordable housing project. The existing building is currently noncompliant with seismic building code requirements and is generally in need of substantial rehabilitation. The project sponsor has secured financing commitments for the majority of the rehabilitation work, but cannot make the project financially feasible without obtaining the proposed SSLP Deferred Extended Loan. The property is, and will be, subject to numerous long-term affordability restrictions, thus suppressing the value of the property and resulting in a higher loan to value ratio than is permitted under San Francisco Administrative Code Section 66A.4 and the Seismic Safety Loan Program Regulations.

