

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.