

1 [Community Revitalization Of Visitacion Valley]

2
3 **Resolution authorizing, approving and ratifying actions in furtherance of the city's**
4 **commitment to the revitalization of Visitacion Valley; authorizing certain contracting**
5 **procedures; authorizing the director of real estate to accept title to the Village Parcel;**
6 **and authorizing and approving the terms of the Village Parcel Ground Lease.**
7

8 WHEREAS, The City and County of San Francisco (the "City") has worked diligently
9 with the Visitacion Valley residents, merchants and community based organizations, including
10 the Geneva Towers Resident Council and the Visitacion Valley Task Force, the United States
11 Department of Housing and Urban Development ("HUD") and others to achieve the common
12 goal of the social and economic revitalization of Visitacion Valley, as evidenced by the actions
13 summarized below; and

14 WHEREAS, On February 14, 1995, in conjunction with the recommendations of the
15 Visitacion Valley Task Force, a citizen's group appointed by the Mayor, and as authorized by
16 Resolution No. 10-95 of the Board of Supervisors (the "Board") passed on January 3, 1995,
17 the Mayor entered into a Memorandum of Understanding with HUD (the "HUD MOU")
18 establishing a mutual plan for investment in housing and community development in Visitacion
19 Valley; and

20 WHEREAS, In the HUD MOU, HUD agreed to:

21 (a) provide up to \$19.4 million in rental assistance under Section 8 of
22 the United States Housing Act of 1937 ("Section 8") and other relocation assistance to
23 Geneva Towers residents;

24 (b) use its best efforts to assist the City in replacing Geneva Towers
25 with affordable senior and family housing and providing other community and economic

1 development resources for the residents of Visitacion Valley;

2 (c) demolish Geneva Towers;

3 (d) sell the Geneva Towers site (the "Site") for \$1 to the City for
4 affordable housing; and

5 (e) take other steps to facilitate the development of a potential pool of
6 applicants and training programs to assist the City in meeting specified local hiring and
7 purchasing goals; and

8 WHEREAS, In the HUD MOU, the City agreed to:

9 (a) ensure to the extent feasible economic opportunities in training,
10 employment and contracting to low and very low income residents and local businesses in
11 HUD-assisted projects in the Visitacion Valley neighborhood, with a goal of 30% participation;

12 (b) assist nonprofits in efforts to construct housing and social services
13 centers and provide up to \$6 million in financing for these activities; and

14 (c) enter into agreements with established building trade and labor
15 organizations to create partnerships to facilitate the achievement of local hiring goals; and

16 WHEREAS, Pursuant to the federal Section 8 Community Investment
17 Demonstration Program (Pension Funds), HUD authorized AFL-CIO Housing Investment
18 Trust (the "Trust") to make recommendations for HUD's approval of the allocation of project-
19 based Section 8 rental assistance to projects in which AFL-CIO invests; and

20 WHEREAS, The City and the Trust entered into a Memorandum Of Understanding
21 dated as of April 16, 1996 (the "the Trust MOU"), setting forth terms under which the Trust
22 would provide construction and permanent financing and Section 8 assistance to a housing
23 project in Visitacion Valley; and

24 WHEREAS, In the the Trust MOU, the City acknowledges thatthe Trust's charter
25 requires that all projects financed by the Trust must be constructed using union labor, and the

1 Trust acknowledges the City's goals for affirmative action and economic opportunities in local
2 employment and contracting; and

3 WHEREAS, the Trust has contributed to the City's efforts to increase the affordable
4 housing stock in the City by committing to provide over \$12 million in construction financing,
5 over \$5 million in permanent financing and recommending over \$10 million in Section 8
6 assistance to the Heritage Homes and Bernal Gateway affordable housing projects; and

7 WHEREAS, The City has provided extensive technical and financial assistance to
8 assist Geneva Valley Development Corporation ("GVDC"), a nonprofit corporation organized
9 to represent the former Geneva Towers residents in the development of replacement
10 affordable housing, in order to empower the former residents of Geneva Towers and support
11 their long term goal of ownership of replacement housing in Visitacion Valley; and

12 WHEREAS, Through negotiations with the Geneva Towers Resident Council and other
13 community representatives, the City agreed that GVDC would be an equal partner in the
14 development of replacement housing on the Site, and, in furtherance of that commitment, the
15 City issued a Request For Qualifications in June 1996 seeking an experienced, qualified
16 nonprofit developer to work with GVDC, HUD, the Trust and the City to build approximately
17 150 units of affordable multifamily rental housing on the Site, pursuant to which Mercy
18 Charities Housing Corporation ("Mercy") was chosen to be GVDC's co-developer; and

19 WHEREAS, Acting through Visitacion Valley Housing Associates, L.P. (the
20 "Partnership"), Mercy and GVDC are the co-sponsors of Heritage Homes Apartments (the
21 "Housing"), a 148-unit multifamily housing project that the Partnership is building and will
22 operate on the Site, together with a childcare center to be known as the Heritage Homes Child
23 and Family Development Center (the "Childcare Center") that will be improved by Visitacion
24 Valley Community Center ("VVCC"), a nonprofit corporation whose principal is a former
25

1 Geneva Towers resident, and the community facility ("The Village") that GVDC will build and
2 operate (all together, the "Project"); and

3 WHEREAS, In furtherance of the Project, HUD, the City, Mercy and GVDC entered into
4 the following transactions on September 25, 1996:

5 (a) The City assigned to Mercy and GVDC the City's right under the HUD
6 MOU to purchase the Site;

7 (b) Mercy and GVDC entered into a Contract Of Sale (the "Purchase
8 Contract") with HUD for the Site, under which HUD imposed affordability restrictions on title as
9 a condition of sale; and

10 (c) Under an Upfront Grant Agreement, HUD granted to Mercy and GVDC
11 the sum of \$7.77 million (the "Upfront Grant") for the Project, of which \$1.5 million was
12 allocated to The Village (the "Village Grant"); and

13 WHEREAS, To provide assurances to HUD that The Village would be built and
14 operated as a community facility for at least thirty years, the City, HUD, Mercy and GVDC
15 entered into the following agreements as of September 30, 1997:

16 (a) An Option Agreement Regarding Geneva Towers Property (the "Site
17 Option") in which HUD agreed that the City or its assignee could assume Mercy's and
18 GVDC's rights under the Purchase Contract if they failed to close the purchase of the Site or
19 comply with HUD's requirements; and

20 (b) An Agreement Regarding The Grant of 1.5 Million Dollars For The
21 Development Of A Community Facility (the "Village Setaside Agreement"), in which Mercy and
22 GVDC assigned the Village Grant to the City, the City agreed to use the Village Grant to
23 finance capital costs of The Village, and HUD agreed to disburse the Upfront Grant, including
24 the Village Grant, to fund capital costs of the Housing and The Village; and
25

1 WHEREAS, HUD demolished Geneva Towers in May 1998, and, working with HUD
2 and the San Francisco Housing Authority, the residents in Geneva Towers just before its
3 demolition were relocated successfully, with 77% remaining in San Francisco; and

4 WHEREAS, On October 5, 1998, Congress recognized the City's efforts to revitalize
5 the Visitacion Valley community by making a special purpose award in the amount of
6 \$700,000 (the "Special Purpose Grant") to the City pursuant to the VA-HUD-Independent
7 Agencies Act of 1999 (P.L. 105-276) in House Report No. 105-769, which the Board
8 authorized the Mayor to accept and expend to fund capital costs of five new community
9 facilities in the Visitacion Valley neighborhood by Resolution No. 677-99 adopted July 12,
10 1999; and

11 WHEREAS, The City has provided or committed to provide \$49,553,394 in financial
12 assistance to assist in the revitalization of Visitacion Valley following the demolition of Geneva
13 Towers, including:

- 14 (a) \$7,956,440 in financing for Britton Court, a 92-unit affordable family
15 housing project;
- 16 (b) \$2,586,799 in financing for Heritage Homes;
- 17 (c) \$7,278,754 in financing for John W. King Senior Community, a 90-
18 unit affordable senior housing project;
- 19 (d) \$2,226,562 to finance ten separate parks, playgrounds and other public
20 spaces;
- 21 (e) \$3,046,000 to finance five different childcare facilities;
- 22 (f) \$5,736,494 for children and youth programs and projects;
- 23 (g) \$772,878 to fund employment and training programs;
- 24 (h) \$2,772,801 to fund senior programs and projects; and
- 25 (i) \$2,176,666 for other programs and projects; and

1 WHEREAS, Heritage Homes, the Childcare Center and The Village are important
2 components in the City's plans for community revitalization in Visitacion Valley, and the
3 community based organizations comprising The Village community are important components
4 in the City's commitment to supporting and improving services in Visitacion Valley; and

5 WHEREAS, As summarized below, the City is contributing substantial sums to finance
6 the Project:

7 (a) The Housing is being financed by the Trust's commitment to provide
8 construction financing in the amount of \$7.4 million, permanent financing in the amount of
9 \$3.75 million (through the purchase of mortgage-backed securities) HUD's approval of its
10 recommendation for and Section 8 assistance in the amount of \$6,924,780, \$6.27 million from
11 HUD's Upfront Grant, tax credit equity investments in the amount of \$14,996,771 and a City
12 loan of federal Community Development Block Grant ("CDBG") funds administered by the
13 Mayor's Office of Housing ("MOH") in the amount of \$2,518,799;

14 (b) The Village is being financed by \$1.5 million in Upfront Grant funds, a
15 MOH grant of CDBG funds in the amount of \$50,000 to cover design costs and grants
16 administered by the Mayor's Office of Community Development ("MOCD") in the amount of
17 \$400,000 in Special Purpose Grant funds and \$310,000 in CDBG funds; and

18 (c) The tenant improvements for the Childcare Center are being financed by
19 a loan from MOCD of approximately \$500,000 in HUD Section 108 program funds; and

20 WHEREAS, With the Housing over 90 percent complete and the shell for the Childcare
21 Center 59 percent complete, preliminary figures prepared by a program officer of the Human
22 Rights Commission indicate that the Partnership's general contractor, James E. Roberts-
23 Obayashi (the "Contractor") has demonstrated good faith efforts to comply with the City's and
24 HUD's contracting requirements in the construction of the Housing and Childcare Center shell,
25 exceeding the MBE goal of 30 percent (38% to date); approaching the WBE goal of 10

1 percent (9% to date) and exceeding the local hiring requirements of 30 percent (37% to date),
2 with Visitacion Valley Jobs, Employment and Training, a nonprofit corporation formed
3 expressly to provide job training and placement for former Geneva Towers residents and
4 other Visitacion Valley residents, providing placement services for the Project and other
5 replacement housing developments in Visitacion Valley; and

6 WHEREAS, GVDC and VVCC have requested that the City approve bid packages for
7 the construction of The Village and the Childcare Center tenant improvements, respectively,
8 both of which are subject to HUD, the Trust and City requirements; and

9 WHEREAS, Neither the construction of The Village nor the construction of the
10 Childcare Center tenant improvements is a public work; and

11 WHEREAS, Mercy and GVDC intend to grant in fee to the City a portion of the Site with
12 dimensions corresponding to the footprint of The Village (the "Village Parcel") in order to
13 satisfy HUD concerns over the long-term viability of The Village and Partnership accounting
14 concerns relating to tax credits; and

15 WHEREAS, City Planning has taken the following steps with respect to the Project's
16 compliance with state and local requirements:

17 (a) Pursuant to the Guidelines of the State Secretary of Resources for
18 the implementation of the California Environmental Quality Act ("CEQA"), on January 12,
19 1998, the Planning Department adopted and issued a Final Negative Declaration for the
20 Project as part of File No. 97.676E, as supplemented by Addendum dated November 4, 1998,
21 based on its determination that the Project would not cause significant impacts such that an
22 environmental impact report would be required, in accordance with CEQA and Administrative
23 Code Chapter 31; and

24 (b) On November 19, 1999, the Planning Commission approved the
25 conditional use application for the Project subject to Conditions of Approval by Motion No.

1 14737, Case No. 98.603C, finding, among other things, that the Project would provide a
2 development necessary and desirable for and compatible with the neighborhood or the
3 community, that the use would not be detrimental to the health, safety, convenience or
4 general welfare of persons residing or working in the vicinity, or injurious to property,
5 improvements or potential development in the vicinity and that such use will comply with
6 applicable provisions of the Planning Code and will not adversely affect the General Plan, a
7 copy of which is on file with the Clerk of the Board of Supervisors in File No. 001767; and

8 WHEREAS, Based on substantial evidence in light of the whole record, the Board finds
9 that no subsequent environmental impact report or negative declaration is necessary because
10 there are no substantial changes with respect to the Project, and no new information has
11 become available that would alter the conclusions set forth in the Final Negative Declaration;
12 and

13 WHEREAS, Based on substantial evidence in light of the whole record, the Board finds
14 that the Project will comply with applicable provisions of the Planning Code and will not
15 adversely affect the General Plan; and

16 WHEREAS, The transfer of title to the Village Parcel to the City is consistent with the
17 common goals of HUD, the City and the Visitacion Valley community as expressed in the
18 HUD MOU and with the City's commitments under the Village Setaside Agreement; and

19 WHEREAS, GVDC desires to lease the Village Parcel from the City, construct
20 improvements and operate The Village as a community facility; and

21 WHEREAS, Leasing the Village Parcel to GVDC pursuant to a ground lease (the
22 "Ground Lease") is consistent with the common goals of HUD, the City and the Visitacion
23 Valley community as expressed in the HUD MOU and with the City's commitments under the
24 Village Setaside Agreement; and
25

1 WHEREAS, In addition to GVDC, the following community based and social services
2 organizations (all together, the "Village Community") have participated in the planning for, and
3 will have significant continuing roles in, the revitalization of Visitacion Valley:

4 Chinese for Affirmative Action;
5 Columbia Park Boys and Girls Club;
6 DPH/CHN Hawkins Medical and Mental Health Clinic;
7 Girls After School Academy;
8 Visitacion Valley Community Center; and
9 Visitacion Valley Jobs, Education and Training; and

10 WHEREAS, the continued operation and location of the Village Community in
11 Visitacion Valley is an important component of the revitalization of Visitacion Valley, now,
12 therefore, be it

13 RESOLVED, In furtherance of the City's commitment to the revitalization of Visitacion
14 Valley generally and to the development of affordable housing and community facilities to
15 replace Geneva Towers specifically, in cooperation with HUD as set forth in the HUD MOU
16 that:

17 (1) GVDC is approved as the developer and tenant-operator of The Village,
18 subject to lease terms as provided in this Resolution;

19 (2) The City's assignment to Mercy and GVDC of the City's right to purchase
20 the Site for \$1 from HUD is approved and ratified;

21 (3) The City's assignment to GVDC of the \$1.5 million Village Grant is
22 approved and ratified;

23 (4) The City's execution of the Site Option accepting an option to purchase
24 the Site in the event Mercy and GVDC were unable to close the purchase or later fail to
25 comply with HUD requirements is approved and ratified; and

1 (5) All actions previously taken by the Mayor, other City officials and City
2 staff to effectuate the purpose of the HUD MOU and this Resolution are approved and ratified;
3 and

4 FURTHER RESOLVED, In furtherance of the City's specific commitment to the
5 development of the Housing, The Village and the Childcare Center, the Board approves and
6 authorizes the use by GVDC and VVCC of bidding packages and contracts for the
7 construction of The Village and of the Childcare Center improvements requiring union only
8 labor; and

9 FURTHER RESOLVED, The Board authorizes and directs the Director of Real Estate,
10 upon consultation with the Mayor and the City Attorney, to:

11 (1) accept title to the Village Parcel from Mercy and GVDC on behalf of the
12 City;

13 (2) administer the Village Parcel on behalf of the Mayor acting by and
14 through MOCD or any successor; and

15 (3) enter into any other documents, such as easement agreements,
16 covenants, conditions and agreements, ancillary to the transfer of title to the Village Parcel
17 necessary to effect the intention of the parties, as deemed reasonably necessary by the City
18 Attorney; and

19 FURTHER RESOLVED, The Board authorizes the Director of Real Estate, upon
20 consultation with the Mayor and the City Attorney, to enter into Ground Lease with GVDC
21 subject to the following terms and conditions:

22 (1) construction of The Village by GVDC;
23 (2) a term of no less than thirty years, subject to GVDC's compliance with the
24 use restrictions set forth in this Resolution;
25

1 (3) "triple net" with minimum annual rent in the amount of \$10, plus additional
2 rent equal to the amount of any income remaining after payment of expenses and creation of
3 operating and replacement reserve accounts, as set forth in budgets approved from time to
4 time by MOCD or its successor;

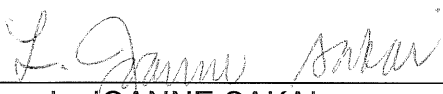
5 (4) a requirement that, subject to negotiation over sublease terms, premises
6 in The Village be available for sublease to community based organizations acceptable to the
7 City on terms acceptable to the City, including the members of the Village Community;

8 (5) the right of the City to early termination in the event that GVDC or any
9 successor fails to operate The Village as a community facility as required under the Village
10 Setaside Agreement and the Ground Lease;

11 (6) the reversion of the leasehold interest in the Village Parcel and transfer of
12 title to the improvements to the City upon termination of the Ground Lease by expiration of the
13 term, by the City's exercise of its right to early termination or otherwise; and

14 (7) all other terms and conditions deemed reasonably necessary to comply
15 with applicable laws and to protect the City's proprietary interests in the
16 Village Parcel.

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18
19 APPROVED AS TO FORM:
LOUISE H. RENNE, City Attorney

20
21 By 
22 L. JOANNE SAKAI
23 Deputy City Attorney
24
25



City and County of San Francisco

City Hall
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San Francisco, CA 94102-4689

Tails Resolution

File Number: 001767

Date Passed:

Resolution authorizing, approving and ratifying actions in furtherance of the City's commitment to the revitalization of Visitacion Valley; authorizing certain contracting procedures; authorizing the Director of Real Estate to accept title to the Village Parcel; and authorizing and approving the terms of the Village Parcel Ground Lease.

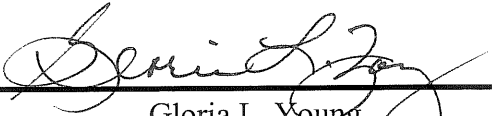
October 23, 2000 Mayor — SUBSTITUTED

November 20, 2000 Board of Supervisors — ADOPTED

Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

File No. 001767

I hereby certify that the foregoing Resolution
was ADOPTED on November 20, 2000 by the
Board of Supervisors of the City and County
of San Francisco.



Gloria L. Young
Clerk of the Board

NOV 30 2000

Date Approved



Mayor Willie L. Brown Jr.