Ordinance approving exceptions to requirements of the Seismic Safety Loan Program (SSLP) under the Administrative Code and the SSLP Program Regulations, regarding a $2,379,464 loan for an existing affordable housing project at the Hotel Isabel located at 1091 Mission Street.

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

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

(a) Hotel Grand Southern, a California limited partnership ("Borrower"), owns an existing 72-unit affordable housing project located at 1091 Mission Street, San Francisco, California and commonly known as the Hotel Isabel (the "Property"). Borrower is currently undertaking a seismic retrofit and substantial rehabilitation of the Property to significantly extend the useful life of the Property (the "Project").

(b) In 2008, the City and County of San Francisco (the "City") Mayor's Office of Housing ("MOH") recommended providing a $1,679,464 Deferred Extended Loan (the "Loan") from the City, acting by and through MOH, to the Borrower pursuant to Administrative Code Sections 66 and 66A, the Seismic Safety Loan Program ("SSLP Program") and the Seismic Safety Loan Program Regulations dated May 2006, adopted through Ordinance No. 122-06 ("Regulations"), for the purpose of seismically retrofitting the Project. The Loan did not satisfy the SSLP Program loan-to-value ratio requirement as required by Administrative Code Section 66A.4(1)(b); however, Borrower provided a Loan...
guaranty (the "Guaranty") secured by the Property, which MOH determined to be sufficient
additional security as permitted under the alternative lending criteria set forth in Administrative
Code Section 66A.4(2)(e)(i) and the Regulations.

(c) In 2011, MOH recommended providing an additional $700,000 in loan
funds for the Project, such that the total Loan amount was now $2,379,464 (the "Amended
Loan"). Because the Guaranty was determined by MOH to be insufficient security for the
Amended Loan amount, MOH terminated the Guaranty, and the Borrower secured the
Amended Loan with a Deed of Trust (the "Security Deed of Trust") on another property owned
by a Borrower affiliate located at 737 Folsom Street, San Francisco, and commonly known as
Mendelsohn House (the "Secured Property").

(d) The owner of the Secured Property now desires to refinance that
property, and in order to do so, has to remove the Security Deed of Trust from the title. As a
result, the Amended Loan will be out of compliance with the loan-to-value ratio requirement as
required by Administrative Code Section 66A.4(1)(b).

(e) MOH has determined that: (i) the Amended Loan is necessary to the
feasibility of the Project, (ii) Borrower is unable to provide additional collateral under
Administrative Code Section 66A.4(2)(e)(i) sufficient to secure the Amended Loan; and (iii)
preserving and extending the useful life of a significant existing affordable housing resource is
of overriding importance to the lending criteria outlined in Administrative Code Section 66A.4
and the Regulations.

Section 2. In accordance with the recommendations of MOH, the Board of Supervisors
hereby exempts the Amended Loan and the Project from the loan-to-value ratio requirement
and the alternative lending criteria set forth in Administrative Code Section 66A.4 and the
Regulations, subject to all other requirements set forth in Administrative Code Sections 66
and 66A and the Regulations.

Supervisor Kim
BOARD OF SUPERVISORS

Page 2
2/21/2013
Section 3. Effective Date. This ordinance shall become effective 30 days from the date of passage.

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

By: Evan A. Gross
Deputy City Attorney

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Ordinance approving exceptions to requirements of the Seismic Safety Loan Program (SSLP) under the Administrative Code and the SSLP Program Regulations, regarding a $2,379,464 loan for an existing affordable housing project at the Hotel Isabel located at 1091 Mission Street.

March 11, 2013 Land Use and Economic Development Committee - RECOMMENDED

March 19, 2013 Board of Supervisors - PASSED ON FIRST READING
Ayes: 9 - Avalos, Breed, Campos, Chiu, Cohen, Kim, Mar, Tang and Wiener
Excused: 2 - Farrell and Yee

March 26, 2013 Board of Supervisors - FINALLY PASSED
Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 3/26/2013 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

Date Approved 3/28/2013