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.

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

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

WHEREAS, In the HUD MOU, HUD agreed to:

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

(b) use its best efforts to assist the City in replacing Geneva Towers with affordable senior and family housing and providing other community and economic
development resources for the residents of Visitacion Valley;

(c) demolish Geneva Towers;

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

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

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

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

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

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

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

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

WHEREAS, In the the Trust MOU, the City acknowledges thatthe Trust’s charter requires that all projects financed by the Trust must be constructed using union labor, and
Trust acknowledges the City’s goals for affirmative action and economic opportunities in local employment and contracting; and

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

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

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

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

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

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

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

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

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

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

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

(b) An Agreement Regarding The Grant of 1.5 Million Dollars For The Development Of A Community Facility (the "Village Setaside Agreement"), in which Mercy and GVDC assigned the Village Grant to the City, the City agreed to use the Village Grant to finance capital costs of The Village, and HUD agreed to disburse the Upfront Grant, including the Village Grant, to fund capital costs of the Housing and The Village; and
WHEREAS, HUD demolished Geneva Towers in May 1998, and, working with HUD and the San Francisco Housing Authority, the residents in Geneva Towers just before its demolition were relocated successfully, with 77% remaining in San Francisco; and

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

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

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

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

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

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

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

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

WHEREAS, With the Housing over 90 percent complete and the shell for the Childcare Center 59 percent complete, preliminary figures prepared by a program officer of the Human Rights Commission indicate that the Partnership's general contractor, James E. Roberts-Obayashi (the "Contractor") has demonstrated good faith efforts to comply with the City's and HUD's contracting requirements in the construction of the Housing and Childcare Center shell, exceeding the MBE goal of 30 percent (38% to date); approaching the WBE goal of 10
percent (9% to date) and exceeding the local hiring requirements of 30 percent (37% to date), with Visitacion Valley Jobs, Employment and Training, a nonprofit corporation formed expressly to provide job training and placement for former Geneva Towers residents and other Visitacion Valley residents, providing placement services for the Project and other replacement housing developments in Visitacion Valley; and

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

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

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

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

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

(b) On November 19, 1999, the Planning Commission approved the conditional use application for the Project subject to Conditions of Approval by Motion No.
14737, Case No. 98.603C, finding, among other things, that the Project would provide a
development necessary and desirable for and compatible with the neighborhood or the
community, that the use would not be detrimental to the health, safety, convenience or
general welfare of persons residing or working in the vicinity, or injurious to property,
improvements or potential development in the vicinity and that such use will comply with
applicable provisions of the Planning Code and will not adversely affect the General Plan, a

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

and

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

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

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

WHEREAS, Leasing the Village Parcel to GVDC pursuant to a ground lease (the
“Ground Lease”) is consistent with the common goals of HUD, the City and the Visitacion
Valley community as expressed in the HUD MOU and with the City’s commitments under the
Village Setaside Agreement; and

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BOARD OF SUPERVISORS
WHEREAS, In addition to GVDC, the following community based and social services organizations (all together, the “Village Community”) have participated in the planning for, and will have significant continuing roles in, the revitalization of Visitacion Valley:

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

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

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

1. GVDC is approved as the developer and tenant-operator of The Village, subject to lease terms as provided in this Resolution;
2. The City’s assignment to Mercy and GVDC of the City’s right to purchase the Site for $1 from HUD is approved and ratified;
3. The City’s assignment to GVDC of the $1.5 million Village Grant is approved and ratified;
4. The City’s execution of the Site Option accepting an option to purchase the Site in the event Mercy and GVDC were unable to close the purchase or later fail to comply with HUD requirements is approved and ratified; and
(5) All actions previously taken by the Mayor, other City officials and City staff to effectuate the purpose of the HUD MOU and this Resolution are approved and ratified; and

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

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

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

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

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

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

(1) construction of The Village by GVDC;

(2) a term of no less than thirty years, subject to GVDC's compliance with the use restrictions set forth in this Resolution;
successor fails to operate The Village as a community facility as required under the Village Setaside Agreement and the Ground Lease;

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

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

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

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

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

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

By L. JOANNE SAKAI
Deputy City Attorney

Mayor Willie L. Brown, Jr.
BOARD OF SUPERVISORS
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
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

Mayor Willie L. Brown Jr.