



DALY CITY HOUSING DEVELOPMENT FINANCE AGENCY

AGENDA

SPECIAL MEETING

COUNCIL CHAMBERS – 333 90TH STREET

MONDAY, JANUARY 27, 2020 – 7:00 PM

For those wishing to address the Agency Board on any Item on the Agenda or under Public Appearances/Oral Communications, please complete a Speaker Card located at the entrance to the Council Chambers and submit to a Staff Member as early in the meeting as possible.

Persons with disabilities who require auxiliary aids or services in attending or participating in this meeting should call the office of the City Clerk at 991-8078 as soon as possible.

CALL TO ORDER

ROLL CALL

APPROVAL OF MINUTES

October 14, 2019

CHANGE OF OFFICERS:

The Mayor of the City of Daly City is hereby designated as Chairperson and the Vice-Mayor is hereby designated as Vice Chairperson.

RESOLUTIONS

1. Conditional Loan Agreement with Sand Hill Property Foundation Acquisition and Rehabilitation of 115-131 E. Moltke Street Apartments.

PUBLIC APPEARANCE – ORAL COMMUNICATIONS

NOTE: Speakers are limited to two minutes, unless modified by the Chair. The Board cannot take action on any matter raised under this item.

ADJOURNMENT



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The meeting was called to order by Chairperson at 7:20 P.M.

ROLL CALL: Commissioners Present:

Ray Buenaventura, Chairperson
Glenn Sylvester, Vice Chairperson
Rod Daus-Magbual
Pamela DiGiovanni
Juslyn Manalo

Staff Present:

Shawna Maltbie, Executive Secretary/Director
Rose Zimmerman, General Counsel
K. Annette Hipona, Assistant Secretary

MINUTES:

Special Meeting of July 22, 2019

It was moved by Commissioner Manalo, seconded by Vice Chairperson Sylvester and carried to approve the Special Meeting minutes of July 22, 2019.

RESOLUTIONS:

Developer Selection for 12.5 Acre Site Located at Carter/Martin Successor Parcel at Carter /Martin Streets

Director of Economic and Community Development, Tatum Mothershead discussed the agenda report with the Commissioners.

Joe Barket, representing the Cow Palace Board, updated the Commissioners about the Cow Palace Board RFP/RFQ process and time line.

It was moved by Vice Chairperson Sylvester, seconded by Commissioner Manalo and carried by unanimous roll call vote adopt the following resolution:

HFA-49, Selecting Developer to Develop Affordable Housing for 12.5 Acre Site Located at Carter and Martin Streets

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ADJOURNMENT:

The meeting was adjourned at 7:32 P.M.

Assistant Secretary

Approved this 27th day
of January 2020.

Chairperson



January 27, 2020

SUBJECT: Conditional Loan Agreement with Sand Hill Property Foundation Acquisition and Rehabilitation of 115-131 E. Moltke Street Apartments

Recommended Action

Approve an extension to the Conditional Housing Trust Fund Loan to Sand Hill Properties Foundation for 16 apartment units located on E. Moltke Street and authorize the City Manager or her designee to execute said Agreement.

Background

In 2018 the Agency appropriated up to \$2.9 million from the Housing Trust Fund to Sand Hill Property Foundation (SHP Foundation) for acquisition and rehabilitation of 16 units located at 115 -131 E. Moltke Street. At the time of the Agency action, Agency Board members recognized the critical need to preserve affordability in housing units occupied by lower income households and that acquisition of these buildings without Agency and/or philanthropic assistance would likely lead to displacement of 16 low income households.

SHP Foundation is a 501(c)(3) non profit organization founded by the principles of Sand Hill Property Company for the purpose of serving lower income households. Sand Hill Property Company is a real estate investment and development company based in Palo Alto with experience in the development and management of shopping centers, mixed-use communities, office complexes, and hotels. Over the past three decades, Sand Hill Property Company has developed more than 40 projects encompassing 14 million square feet of building area throughout the Peninsula and Silicon Valley.

Utilizing the real estate expertise of Sand Hill Property Company, SHP Foundation has acquired five multi-family residential properties with 79 units to serve lower income households facing housing insecurity. These properties are managed by experienced non-profit housing property management organizations, including Abode Services, HIP Housing, and Palo Alto Housing Corporation. In addition, SHP Foundation will acquire and hold multifamily properties when they become available until a non-profit organization can arrange for financing and take possession.

SHP Foundation closed their purchase of the E. Moltke properties in April of 2018. They are committed to rehabilitation and operation of the E. Moltke units at rents that will be affordable to households with incomes at or below 60 percent of the area median.

A conditional loan commitment was executed in order to give SHP Foundation time to complete various due diligence tasks such as confirmation of existing tenant income, a physical needs assessment and determination of rehabilitation needs.

SHP Foundation completed their purchase of the apartments using a \$2.5 million permanent investment of their own funds and intends to rehabilitate the buildings and preserve the housing

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for Acquisition and Rehabilitation of 115-131 E. Moltke Street Apartments
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units for lower income households who might otherwise be displaced if the property were acquired by a market rate property owner.

The Conditional Loan Commitment expired on October 31, 2019.

Discussion

Since execution of the Conditional Loan Agreement in April 2019, SHP Foundation has made significant progress in bringing forward a permanent affordable housing concept for the subject property. They have retained a professional property manager, completed a physical needs assessment of the buildings and made substantial progress with income verifications of existing households.

Before execution of a permanent loan agreement and disbursement of Agency funds, there remain several tasks that must be completed: preparation of a scope of work and budget for housing rehabilitation, completion of an environmental study and an appraisal, determination of the optimal income targeting and rent structure and preparation of pro forma financial plan for the property. Therefore, staff recommends extension of the Conditional Loan Agreement by six months, until July 31, 2020 to provide sufficient time for SHP Foundation to complete due diligence work and supply the Agency with sufficient information about the proposed project to ensure the security and effectiveness of the Housing Trust Investment.

Staff recommends the following milestones:

- | | |
|--------------------------------------------------------------------------------------|-------------------|
| 1. Completion of Physical Needs Assessment Report and submittal to DCHDFA | February 15, 2020 |
| 2. Completion of MAI Appraisal | March 15, 2020 |
| 3. Completion of an Environmental Study | March 31, 2020 |
| 4. Completion of scope of work, schedule and budget for building rehabilitation | April 30, 2020 |
| 5. Completion of Existing Resident Income Verification | February 1, 2020. |
| 6. Presentation of financial pro forma | April 30, 2020 |
| 7. Presentation of proposed income targeting and rent structure to DCHDFA | March 31, 2020 |
| 8. Execute Permanent Loan, deed of trust and Regulatory Agreement and disburse funds | July 31, 2020 |

Recommendation

Given the critical need for rental housing affordable to lower income households, the extreme scarcity of acquisition opportunities, the progress SHP Foundation has made since execution of the \$2.9 million conditional loan commitment executed in 2019, staff recommends extension of the conditional loan commitment for an additional six months, until July 31, 2020.

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Respectfully submitted,



Betsy ZoBell
Housing and Community
Development Supervisor



Tatum Mothershead
Economic and Community
Development Director
