

RESOLUTION NO. 124-2002

Adopted June 25, 2002

AUTHORIZING A STANDBY PAYMENT AGREEMENT WITH MERCY HOUSING CALIFORNIA XXII, A CALIFORNIA LIMITED PARTNERSHIP, AND WITH THE PERMANENT LENDER, IN AN AMOUNT NOT TO EXCEED \$800,000, PLUS APPLICABLE INTEREST AND OTHER ASSOCIATED COSTS, TO GUARANTEE THE PAYMENT OF A CERTAIN MORTGAGE IN CONJUNCTION WITH THE ACQUISITION AND REHABILITATION OF 75 UNITS OF VERY LOW AND LOW-INCOME HOUSING AT THE DUDLEY APARTMENTS, 172 SIXTH STREET; SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) (the "Law"), the Redevelopment Agency of the City and County of San Francisco (the "Agency") undertakes programs for the reconstruction and rehabilitation of blighted areas in the City and County of San Francisco (the "City").
2. The Agency is authorized pursuant to the Law to increase and maintain the affordability of the housing stock in the City for affordability by very-low, low and moderate-income households.
3. In January 2002, Mercy Properties California, a California nonprofit public benefit corporation (the "Sponsor"), acquired the Dudley Apartments at 172 Sixth Street (the "Property") using a tax increment loan from the Agency for the purpose of creating 75 very low and low income rental units in the Agency's South of Market Earthquake Recovery Redevelopment Project Area ("Project Area").
4. The Sponsor established Mercy Housing California XXII, a California Limited Partnership ("Developer"), to act as the tax credit limited partnership for the purposes of acquiring, rehabilitating, and operating the Dudley Apartments as seventy-five (75) units of affordable housing for very low-income persons (the "Project"). Mercy Properties, Inc., a Colorado non-profit public benefit corporation, will act as the partnership's managing general partner.
5. The development and financing plan for the Property includes an Agency tax increment loan, Low Income Housing Tax Credits, anticipated project-based Section 8 rental subsidies, a taxable commercial loan, Affordable Housing Program funds, and developer equity.

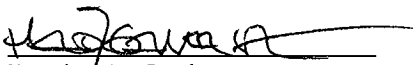
6. The Property's permanent mortgage lender will underwrite the first mortgage, anticipated to be no more than \$800,000, with Section 8 rental income. Because the Section 8 program is subject to annual Congressional appropriations, the mortgage lender requires a guarantee that the first mortgage will be repaid if Section 8 funding is decreased or terminated.
7. The Developer therefore requests that the Agency guarantee the payment of certain mortgage revenue bonds in an amount not to exceed \$800,000, through a Standby Payment Agreement benefiting the Developer.
8. The Developer has applied for additional Section 8 assistance. In the event of approval of such assistance, the Property will be able to support a larger first mortgage, and an increase in a Standby Payment Agreement will be required. Notification of additional Section 8 approval will be in the fall of 2002.
9. On June 7, 2002, the Citywide Affordable Housing Loan Committee reviewed the requested action and recommends Commission approval of such action.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to enter into the following agreements and obligations:

- 1) A Standby Payment Agreement with Mercy Housing California XXII, a California limited partnership, to guarantee the payment of certain mortgage revenue bonds under certain conditions in an amount not to exceed \$800,000, plus applicable interest and other associated costs, in furtherance of the rehabilitation of 75 units of very low-income housing at the Dudley Apartments, 172 Sixth Street, as part of the Agency's Citywide Tax Increment Affordable Housing Program substantially in the form lodged with Agency General Counsel.
- 2) Any and all ancillary documents necessary to carry out the transactions authorized by this Resolution.

APPROVED AS TO FORM:


Bertha A. Ontiveros
Agency General Counsel