

RESOLUTION NO. 51-99
(Adopted May 11, 1999)

AUTHORIZING THE EXECUTIVE DIRECTOR TO (1) PURCHASE AN EXISTING 236 MORTGAGE IN AN AMOUNT NOT TO EXCEED \$2.3 MILLION FROM GMAC COMMERCIAL MORTGAGE; (2) ASSIGN THE AGENCY'S RIGHTS TO PURCHASE THE IMPROVEMENTS AT 1820 POST STREET TO GGA 1820 POST, L.P., OR CHINATOWN COMMUNITY DEVELOPMENT CENTER, OR ITS ASSIGNEE; (3) ENTER INTO A TAX INCREMENT LOAN AGREEMENT WITH GGA 1820 POST, L.P., IN AN AMOUNT NOT TO EXCEED \$747,000; AND (4) DISPOSE OF THE AGENCY'S INTEREST IN THE LAND AT 1820 POST STREET THROUGH A GROUND LEASE WITH GGA 1820 POST, L.P.; ALL IN FURTHERANCE OF THE PRESERVATION AND REHABILITATION OF THE GOLDEN GATE APARTMENTS, 1820 POST STREET, AS PART OF THE AGENCY'S AFFORDABLE HOUSING PRESERVATION PROGRAM; WESTERN ADDITION PROJECT AREA A-2

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 Agency undertakes programs for the reconstruction and rehabilitation of slums and blighted areas in the City and County of San Francisco (the "City").

2. Pursuant to the Law the Board of Supervisors of the City established the Western Addition A-2 Redevelopment Project Area ("Project Area") and adopted the Western Addition A-2 Redevelopment Plan (as amended, the "Redevelopment Plan").

3. The Agency is authorized pursuant to the Law to distribute monies to nonprofit developers and sponsors for the specific and special purpose of increasing and maintaining the housing stock in the City and County of San Francisco for very-low, low and moderate income households.

4. The expiration of project-based Section 8 contracts poses a serious threat to San Francisco's affordable housing stock. Many of the housing developments with expiring Section 8 contracts are located in Redevelopment Project Areas. The Agency desires to preserve developments with Section 8 contracts as affordable housing by lending or expending Tax Increment Housing Funds.

5. Pursuant to Resolution No. 4-99, adopted January 12, 1999, the Agency selected Chinatown Community Development Center, Inc., a California nonprofit public benefit corporation (together with any assignee, including GGA 1820 POST, L.P., the "Developer") with

which to negotiate for the acquisition, ownership and operation of the housing units for very-low, low and moderate income residents known as the Golden Gate Apartments (the "Project"), on the real property located at 1820 Post Street, San Francisco, California (the "Site").

6. The Project is currently financed with a U.S. Department of Housing and Urban Development ("HUD") Section 236 mortgage which the current private owner ("Seller") intends to prepay, which will have the effect of ending the existing federal low-income rent restrictions placed on the Project.

7. The Agency, pursuant to Resolution No. 247-98, adopted December 1, 1998, entered into a purchase and sale agreement to purchase the Site and all the improvements on the Site (the "Improvements"). The Agency intends (i) to acquire the Site and lease it to the Developer; and (ii) to assign its right to acquire the Improvements to the Developer for rehabilitation and operation as affordable housing. Developer intends to finance the acquisition and rehabilitation of the Improvements using multifamily mortgage revenue bonds to be issued by the Agency (the "Bonds"), low-income housing tax credits, and other Agency funding, including, but not limited to, the assistance provided through this Resolution.

8. The Agency intends to purchase the Site from the Seller for an amount not to exceed \$1,653,167, to be funded from the Agency's allocation of tax increment funds for housing.

9. The Agency wishes to lend an amount not to exceed \$747,000 to the Developer, also to be funded from tax increment funds for housing, which, among other uses, will be used to acquire and rehabilitate the Improvements, pursuant to a Loan Agreement between the Agency and the Developer.

10. The Agency wishes to lease the Site to the Developer pursuant to a Ground Lease which has an initial term of 50 years, annual rental payments of \$165,000, and requirements that the Developer maintain the Project for very-low, low and moderate income tenants. Pursuant to the Ground Lease, the Agency intends to advance funds to establish a transaction guarantee account, as described below, in an initial amount not to exceed \$150,000. The Agency subsidies make it financially feasible for the Developer to preserve 72 dwelling units for occupancy by very-low, low and moderate income households, as those terms are defined in California Health and Safety Code sections 50105 and 33334.2.

11. In order to (i) comply with existing restrictions related to the HUD 236 program and (ii) as a further inducement to the Bank of America Community Development Bank to purchase a portion of the Bonds to finance the Project, the Agency intends to establish a transaction guarantee account into which all ground lease rent payments will be placed. Such payments will be used to (x) enable compliance with the HUD 236 program level rent requirements, and/or (y) to help fund the Agency's obligation to repurchase a portion of the Bonds, pursuant to an Agency Bond Repurchase Obligation, to be approved by a separate

Resolution of the Agency.

12. A public hearing concerning the proposed Ground Lease has been held in a time and manner required by law.

FINDINGS

The Agency hereby finds and determines that:

1. The proposed Project at 1820 Post Street is consistent with the Agency objective for developing affordable housing.
2. The Agency financial assistance is necessary to preserve 72 dwelling units for occupancy by very-low, low and moderate income households, as those terms are defined in California Health and Safety Code sections 50105 and 33334.2.
3. The publication of the Notice of Public Hearing concerning the Ground Lease for 1820 Post Street occurred as required by Section 33431 of the California Health and Safety Code.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO that the Executive Director and other officers of the Agency are authorized to enter into and advance funds pursuant to, as applicable:

1. An Assignment Agreement with Chinatown Community Development Center, Inc., a California nonprofit public benefit corporation, or its assignee, including GGA 1820 Post Street, L.P., a California limited partnership, to assign the rights to purchase the Improvements located on the real property at 1820 Post Street, San Francisco, California ("Site"), in a form to be approved by the Agency General Counsel;
2. A Tax Increment Loan Agreement with GGA 1820 Post Street, , LP, a California limited partnership, in an amount not to exceed \$747,000, to be used, among other uses, to acquire and improve the improvements on the Site, substantially in the form lodged with the Agency General Counsel;
3. A Ground Lease with GGA 1820 Post Street, LP, a California limited partnership, for the Site for 50 years, substantially in the form lodged with the Agency General Counsel;
4. All documents necessary to purchase the existing 236 mortgage currently existing with respect to the Project, from GMAC Commercial Mortgage, as servicer for Norwest Bank, in an amount not to exceed \$2,300,000, including necessary closing costs and assignment fees, if

any, and to enter into such ancillary agreements as may be necessary to provide for the servicing of such mortgage and/or its assignment for security purposes, along with any associated interest reduction payments, to the trustee for the Bonds; and

5. Any and all ancillary documents necessary to consummate the transactions authorized by this Resolution, in forms to be approved by the Agency General Counsel, including establishing a transaction guarantee account with an initial advance deposit of not to exceed \$150,000.

APPROVED AS TO FORM:

A handwritten signature in black ink that reads "Robert A. Firehock". The signature is written in a cursive style with a horizontal line underneath the name.

ROBERT A. FIREHOCK
Acting Agency General Counsel