

RESOLUTION NO. 11-2007

Adopted February 6, 2007

AUTHORIZING A GROUND LEASE WITH 650 EDDY, L.P., A CALIFORNIA LIMITED PARTNERSHIP, FOR THE PROPERTY AT 650 EDDY STREET, BLOCK 0740, LOT 045 (FORMERLY LOTS 11 AND 12), IN CONJUNCTION WITH THE CONSTRUCTION OF 83 VERY LOW INCOME RENTAL UNITS; CITYWIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") is authorized pursuant to California Community Redevelopment Law (Health and Safety Code, Section 33000 *et seq.*), and desires to distribute monies from its tax increment Low and Moderate Income Housing Fund to certain nonprofit 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 individuals and families.
2. The 650 Eddy Street site is an underutilized property located on Eddy Street between Larkin and Polk Streets, Block 0740, Lot 045 (formerly lots 11 and 12), in San Francisco, California (the "Site"). Tenderloin Neighborhood Development Corporation ("TNDC") and Community Housing Partnership ("CHP") formed 650 Eddy, L.P., a California limited partnership (the "Developer" or "Partnership"), to acquire the Site and develop the Project with CHP Eddy LLC as its general partner. Both TNDC and CHP are co-members of the CHP Eddy LLC general partner.
3. The Developer intends to construct an affordable multifamily housing development on the Site that will serve homeless families and individuals (the "Project"). The Project will have 83 units, and be built within 9 stories. There will be a small ground floor retail space, 6 parking spaces and 25 bicycle stalls. The design includes a community room, management offices, service provision offices, as well as a laundry room and kitchen. In addition, the Project contains two 1,000 square foot interior courtyards, both opening to the sky.
4. The Site was acquired by 650 Eddy, L.P. in part through a tax increment grant of \$1,000,000 from the Agency, approved by the Agency Commission on April 19, 2005. Also on April 19, 2005, the Agency Commission approved an Option Agreement with the Partnership, which gives the Agency an irrevocable option to acquire the land after the Mayor's Office of Housing ("MOH") has provided a grant to repay a portion of the acquisition financing from private lenders. As consideration for the Option Agreement, the Agency agreed to reconvey the deed of trust securing the Agency grant and to terminate the declaration of restrictions at the time of recordation of the memorandum of lease evidencing the Ground Lease between the Agency and Partnership.

5. In September 2006, the Developer repaid private acquisition financing through MOH financing. Subject to Agency Commission authorization, the Partnership will assign the Site to the Agency in exchange for termination of the grant agreement and execution of the Ground Lease. The Agency will acquire the Site after the Board of Supervisors' approval of the Ground Lease at the required Section 33433 hearing for dispositions of property acquired with tax increment funds.
6. The proposed ground lease terms are \$1 per year for an initial 70-year term. An option to extend will be offered for a 29-year term. The improvements will revert to Agency ownership after the 99-year term.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized (1) to enter into a Ground Lease with 650 Eddy, L.P., a California limited partnership, for the Site for the development of approximately 83 very low income units and related community space, substantially in the form lodged with the Agency General Counsel; and (2) to enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

APPROVED AS TO FORM:


for James B. Morales 2/1/07
Agency General Counsel