

RESOLUTION NO. 74-2007

Adopted as amended July 17, 2007

AUTHORIZING SUBSTITUTION OF ALEXANDER GP LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, AS THE GENERAL PARTNER OF AR PRESERVATION, L.P., A CALIFORNIA LIMITED PARTNERSHIP AND OWNER OF THE ALEXANDER RESIDENCE AT 230 EDDY STREET; CITYWIDE TAX INCREMENT HOUSING PROGRAM

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 slums and blighted areas in the City and County of San Francisco (the "City").
2. 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 for very low-, low- and moderate-income households.
3. The expiration of project-based Section 8 contracts poses a serious threat to San Francisco's affordable housing stock. The Agency desires to preserve developments with Section 8 contracts as affordable housing by lending or expending Tax Increment Housing Funds, an action which benefits the goals and objectives of the Agency's Redevelopment Project Areas.
4. The Alexander Residence is a 179-unit residential property (the "Development") located at 230 Eddy Street, San Francisco, California (the "Site"). The Development's former owner indicated its intent to prepay the HUD-insured mortgage and the Development was therefore at risk of conversion to market rate housing.
5. On June 27, 2000, by Resolution No. 113-2000, the Agency Commission authorized the Agency to enter into a purchase agreement to acquire the Development (the "Purchase Agreement") with the intention of assigning such agreement in part to a nonprofit organization for operation and renovation of the Development along with a leasehold interest in the Site.
6. On August 7, 2000, the Agency issued a Request for Qualifications ("RFQ") for housing developers to assume the Purchase Agreement and complete the acquisition and renovation of the Development. On October 10, 2000, the Agency Commission authorized exclusive negotiations with Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation ("TNDC" or the "Sponsor").

7. On December 5, 2000, by Resolution 248-2000, the Agency Commission authorized the Agency and TNDC to purchase the Development as part of the Agency's Housing Preservation Program. At that time, the Sponsor and the Agency executed a twelve-month Affordable Housing Tax Increment Loan Agreement, which provided Four Million Seven Hundred Eleven Thousand Four Hundred Twenty-Five Dollars (\$4,711,425) for the Sponsor's improvements, acquisition and predevelopment work.
8. Pursuant to TNDC's assignment of the right to acquire, renovate and operate the Development's improvements, AR Preservation, L.P., a California limited partnership (sometimes "Tenant"), whose general partner is TNDC, entered into the Alexander Residence Ground Lease with the Agency on December 5, 2000.
9. The Sponsor completed all required rehabilitation and improvements to the Alexander Residence in November, 2004, and the Development is operated as a rental housing development affordable by very low-income residents.
10. Due to current requirements of the Internal Revenue Service, AR Preservation, Inc., the Tenant's intended general partner, has not been able to attain tax exempt status under Internal Revenue Code section 501c(3). Therefore, TNDC has formed Alexander GP LLC (whose sole member is TNDC, which has tax exempt status under Internal Revenue Code section 501c(3)), to be the substitute general partner of the Tenant.
11. The substitution of Alexander GP LLC as the Tenant's general partner will not have any environmental impacts and therefore does not constitute a project as defined by the California Environmental Quality Act ("CEQA") and is therefore exempt from environmental review under CEQA.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to approve the substitution of Alexander GP LLC, a California limited liability company, affiliated with Tenderloin Neighborhood Development Corporation, as the general partner of AR Preservation, L.P., a California limited partnership, the owner of the Alexander Residence, located at 134 Eddy Street, substantially in the form lodged with the Agency General Counsel, conditioned on the approval of such general partner by the United States Department of Housing and Development.

APPROVED AS TO FORM:



James B. Morales
for Agency General Counsel