

RESOLUTION NO. 57-2011

Adopted May 3, 2011

AUTHORIZING A LOAN AGREEMENT WITH MIDORI HOUSING CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED \$309,500, FOR SPRINKLER SYSTEM UPGRADES AT THE MIDORI HOTEL, 77 UNITS OF VERY LOW-INCOME RENTAL HOUSING FOR RESIDENTS LIVING WITH MENTAL ILLNESS, 240 HYDE 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 Redevelopment Agency of the City and County of San Francisco (“Agency”) undertakes programs for the reconstruction and rehabilitation of blighted areas in the City and County of San Francisco and encourages the development of residential rental developments as affordable housing.
2. Conard House, Inc., a California nonprofit public benefit corporation (“Conard House”), and the Midori Housing Corporation, a California nonprofit public benefit affiliate of Conard House (together, “Sponsor”), have provided permanent housing and supportive services to mentally ill tenants at the Midori Hotel since 1983. Sponsor owns fee title to the site on which the Midori Hotel is located, 240 Hyde Street (“Site”). The Midori Hotel consists of 77 units of single-room occupancy (“SRO”) housing and space for ground floor support services (“Project”).
3. On August 20, 1990, the Agency and Conard House entered into a Rental Acquisition and Rehabilitation Program Loan Agreement in the amount of \$1,114,157. These funds leveraged additional financing from the California Department of Housing and Community Development, enabling Sponsor to acquire and rehabilitate the Site.
4. In 2000, the San Francisco Mayor’s Office of Housing provided Conard House with a rehabilitation loan in the amount of \$2,644,798. Conard House used these funds to complete additional renovations to the Site. Sponsor continues to exercise excellent management practices and maintain high-quality living conditions for Project tenants within the parameters of an SRO development.
5. In 2007, by Ordinance No. 259-07, the San Francisco Board of Supervisors enacted a new Fire Code Ordinance, which included revisions to fire sprinkler standards for multi-family buildings (“2007 Legislation”). The Midori Hotel is subject to the 2007 Legislation, and its fire sprinkler system must be upgraded to bring the building into compliance.


6. The Sponsor has requested financial assistance from the Agency in an amount not to exceed \$309,500 to complete an expansion and upgrade to the existing fire sprinkler system in the Midori Hotel. The improvements to the existing fire sprinkler system will bring the Midori Hotel into compliance with the 2007 Legislation and will also fulfill the Agency's goals of maintaining habitable, supportive rental housing for low-income households.
7. The proposed loan agreement ("Loan Agreement") will facilitate installation of sprinkler system upgrades consistent with and as required by the 2007 San Francisco Fire Code. These activities are categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15301(d). The activities would not directly cause any significant change in the physical environment.
8. Because all or a portion of Agency funding may derive from the Agency's federal Community Development Block Grant funds, the Project rehabilitation work is subject to the National Environmental Policy Act ("NEPA"). In certifying the project for consistency with NEPA, the Mayor's Office of Housing's Environmental Compliance Manager determined that the Project is a categorically excluded activity under 24 CFR §58.35(a)(3)(ii)(A)(B)(C). The project did not convert to an exempt status because one or more statutes/authorities listed at 24 CFR §§58.5 and 6 (historic preservation, asbestos, lead-based paint) required consultation or mitigation. The Mayor's Office of Housing certified the necessary mitigation measures, published a Notice of Intent to Request a Release of Funds and obtained an Authority to Use Grant Funds from the U.S. Department of Housing and Urban Development on March 23, 2011.

RESOLUTION

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

1. Execute a Loan Agreement in an amount not to exceed \$309,500 with Midori Housing Corporation, a California nonprofit public benefit corporation, for fire sprinkler system rehabilitation work at the Midori Hotel, 240 Hyde Street, substantially in the form lodged with the Agency General Counsel.
2. Enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction authorized by this Resolution, in forms to be approved by the Agency General Counsel.

APPROVED AS TO FORM:



for James B. Morales
Agency General Counsel