RESOLUTION NO. 116-2000
Adopted June 27, 2000

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE: (1) A PURCHASE AGREEMENT IN AN AMOUNT NOT TO EXCEED $4,900,000, FOR THE MARIA MANOR, 174 ELLIS STREET; (2) AN AGREEMENT WHICH ASSIGN THE AGENCY’S RIGHTS TO PURCHASE THE IMPROVEMENTS AT 174 ELLIS STREET TO THE TENDERLOIN NEIGHBORHOOD DEVELOPMENT CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, AND GRANTS AN OPTION TO ENTER INTO A GROUND LEASE WITH THE AGENCY CONCERNING SUCH PROPERTY; (3) TAX INCREMENT LOAN AGREEMENT WITH TENDERLOIN NEIGHBORHOOD DEVELOPMENT CORPORATION IN AN AMOUNT NOT TO EXCEED $1,555,873; AND (4) ENTER INTO AN AGREEMENT TO GUARANTEE THE PAYMENT OF CERTAIN MORTGAGE REVENUE BONDS IN AN AMOUNT NOT TO EXCEED $1,807,319; AND RELATED ACTIONS AND DOCUMENTS TO ENABLE THE ACQUISITION AND RENOVATION OF MARIA MANOR, ALL AS PART OF THE AGENCY’S HOUSING PRESERVATION 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 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 and County of San Francisco 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 Maria Manor is a 119-unit residential property, whose owner has indicated its intent to prepay the HUD-insured mortgage and such property is therefore at risk of conversion to market rate housing. Staff recommends that the Agency authorize acquisition of the
property known as the Maria Manor (the “Project”), on the real property located at 174 Ellis Street, San Francisco, California (the “Site”).

5. Staff has negotiated the purchase of the property from the Seller for an amount not to exceed $4,900,000, under the terms identified in a Purchase and Sale Agreement and the purchase will be funded from the Agency’s allocation of tax increment funds for housing with the intention of assigning such agreement in part and conveying the improvements to a nonprofit organization for operation and renovation of the housing project.

6. The tenants at Maria Manor have been working with the Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, regarding the acquisition, ownership and operation of the housing units at the Site for the benefit of very-low and low income residents.

7. Staff recommends that the Agency assign Agency’s right to acquire the Improvements to the Developer for rehabilitation and operation as affordable housing. In order to effectuate such assignment, staff has negotiated an agreement which assigns Developer the right to acquire the Site Improvements and grants Developer an option to lease the Site pursuant to the terms of a Ground Lease to be approved at a later date (the “Option and Assignment Agreement”), with terms including, but not limited to, an initial term of fifty (50) years, annual rental payments of $250,000, and the requirement that the Developer maintain the Project for very-low and low income tenants.

8. Developer intends to finance the acquisition and rehabilitation of the Improvements using multifamily mortgage revenue bonds to be issued by the Agency (the “Bonds”), including Series B Bonds, low-income housing tax credits, and other Agency funding. The Developer has requested a loan in an amount not to exceed $1,555,873 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.

9. On June 16, 2000, the Citywide Housing Loan Committee approved and recommends Commission approval of:

   a) A commitment of funds totaling $4,055,873 to the Developer for the Project ($1,555,873 in a loan, and $2,500,000 for the Agency purchase of the land);
   b) The issuance, sale, and delivery of Bonds in an amount not to exceed $9,000,000; and,
   c) The guarantee for the repurchase of certain Bonds on behalf of the Developer in an amount not to exceed $1,807,319.

10. The Agency intends to issue Series B Bonds to be sold to a lender to be selected (“Bank”). As a further inducement to the Bank to purchase the Series B Bonds, the Agency wishes to guarantee that if the Developer defaults on repayment of the loan securing the repayment of the principal and interest on the Series B Bonds and such default is a result of the termination of Section 8 rental assistance payments, then the
Agency will advance funds to pay outstanding Series B Bonds to avoid a default. There are funds available in the Agency’s Housing Program budget to fund fully the obligation represented by the proposed guarantee agreement.

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 the following agreements and obligations:

1. A Purchase and Sale Agreement with Maria Manor, a California limited partnership, for the 119-unit residential project at 174 Ellis Street, San Francisco, California (the “Site”), substantially in the form lodged with the Agency General Counsel, and to take all actions pursuant to the Purchase and Sale Agreement;

2. An Option and Assignment Agreement with the Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation (the “Developer”), or its assignee as approved by the Agency, which assigns the rights to purchase the Improvements located on the real property and also provides the Developer an option to enter into a ground lease concerning the Site, substantially in the form lodged with the Agency General Counsel;

3. A Tax Increment Loan Agreement with the Developer in an amount not to exceed $1,555,873, to be used, among other uses, to acquire and renovate the improvements on the Site, substantially in the form lodged with the Agency General Counsel;

4. An Agency Standby Note Payment Obligation Agreement with a lender to be selected, to pay outstanding Series B multifamily mortgage revenue bonds for the Site if the rental income generated by the Section 8 Housing Assistance Payment (“HAP”) contract ceases due to nonrenewal of the HAP contract, substantially in the form lodged with the Agency General Counsel;

5. 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