

RESOLUTION NO. 127-2000
ADOPTED JULY 11, 2000

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A MORTGAGE REPURCHASE AGREEMENT WITH THE CALIFORNIA HOUSING FINANCE AGENCY TO GUARANTEE THE REPURCHASE OF A PORTION OF A MORTGAGE ON BEHALF OF CITIZENS HOUSING CORPORATION, IN AN AMOUNT NOT TO EXCEED \$2,274,000, IN CONJUNCTION WITH THE ACQUISITION OF 101 UNITS OF VERY LOW INCOME SENIOR HOUSING AT 477 O'FARRELL STREET, AS PART OF THE AGENCY'S HOUSING PRESERVATION PROGRAM; 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 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.
4. The development located at 477 O'Farrell Street (the "Project") is currently financed with a set of California Housing Finance Agency ("CHFA") mortgages which the current owner ("Seller") intends to prepay, which will have the effect of ending the existing federal low-income rent restrictions placed on the Project.
5. Citizens Housing Corporation (the "Developer") entered into a purchase and sale agreement to purchase the Project and all the improvements on the site (the "Improvements") on October 12, 1999, and amended on April 5, 2000. The Developer intends to acquire the Project in order to preserve its affordability. The permanent financing plan includes a new tax-exempt first mortgage, retention of the second mortgage, a new short-term third mortgage, and the previously approved Agency funds.

6. On April 25th, the Commission authorized the purchase of the Site from the Seller for an amount not to exceed \$2,100,000, to be funded from the Agency's allocation of tax increment funds for housing; which, among other uses, will be used to initially acquire the Improvements, pursuant to a Loan Agreement between the Agency and the Developer. This purchase and Groundlease of the Site was later approved by the San Francisco Board of Supervisors on May 15, 2000.

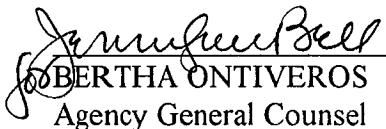
7. As a further inducement to CHFA to lend a portion of the mortgage funds to finance the Project, the Agency has agreed to repurchase or make CHFA financially whole, in an amount not to exceed \$2,274,000, in the event HUD fails to continue its Section 8 funding to the development.

RESOLUTION

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

1. An Agency Mortgage Repurchase Agreement with the California Housing Finance Agency, a public instrumentality and a political subdivision of the State of California, to repay or repurchase, in an amount not to exceed \$2,274,000, that portion of the CHFA mortgage for the Project located at 477 O'Farrell Street, underwritten to the rental income generated by the Section 8 Contract, for the mortgage term of 15 years, in a form to be approved by the Agency General Counsel;
2. Any and all ancillary documents necessary to consummate the transactions authorized by this Resolution, in forms to be approved by the Agency General Counsel.

APPROVED AS TO FORM:


BERTHA ONTIVEROS
Agency General Counsel