

RESOLUTION NO. 195-2000

Adopted October 31, 2000

AUTHORIZATION TO NEGOTIATE EXCLUSIVELY WITH MERCY HOUSING CALIFORNIA, A NONPROFIT PUBLIC BENEFIT CORPORATION, AND A. F. EVANS COMPANY, INC., A CALIFORNIA CORPORATION, FOR AN AGREEMENT ASSUMING THE AGENCY'S RIGHTS TO PURCHASE, IMPROVE AND RENOVATE MARLTON MANOR, 240 JONES STREET; CITY-WIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco ("Agency") has established a housing preservation program to promote the retention of housing which is affordable by low to moderate-income households.
2. The Marlton Manor is a 151-unit housing development located at 240 Jones Street ("Marlton"), which was purchased and substantially rehabilitated by Marlton Manor Associates, a California limited partnership, in 1974. The Marlton is at risk of converting from affordable to market-rate housing due to the pending expiration of certain financing restrictions.
3. By Agency Resolution No. 112-2000, adopted on June 27, 2000, the Agency Commission authorized the Executive Director to execute a Purchase and Sale Agreement to acquire the Marlton ("Purchase Agreement") as part of the Agency's Housing Preservation Program to enable the continued rent affordability of the Marlton.
4. On August 7, 2000, the Agency released a Request for Qualifications ("RFQ") for a housing developer to assume the Purchase Agreement and complete the acquisition and renovation of the Marlton.
5. Two responses were received by the extended deadline of September 27, 2000, one from a joint venture of Mercy Housing California (Mercy) and A. F. Evans Company, Inc. ("AFE") and the other from a joint venture of Mission Housing Development Corporation ("MHDC"), San Francisco Housing Development Corporation ("SFHDC") and the Agape Outreach Center ("Agape").
6. Agency staff evaluated the responses and found both joint-venture developers qualified, with the Mercy/AFE joint venture ranked first due to their greater combined experience with affordable housing preservation properties, followed by the MHDC/SFHDC/Agape joint venture.
7. After meeting with both joint venture teams, the residents recommended that the Agency select the MHDC/SFHDC/Agape to own and operate the Marlton.

8. At the October 10 public hearing, staff presented a resolution recommending the MHDC/SFHDC/Agape joint venture based in large part on the residents' recommendation, which matter was continued to the Agency Commission's October 17, 2000 meeting and further continued to the Agency Commission's October 31, 2000 meeting due to concerns about the capacity of the MHDC/SFHDC/Agape development team.
9. SFHDC has experienced problems in the management of the Agency-funded affordable housing development at 4445 3rd Street, which SFHDC has not been able to resolve as of the date of the Agency Commission's October 31, 2000 meeting.
10. Due to the impact of issues concerning SFHDC, Agape is discussing inclusion in the Mercy/AFE joint venture (with the verbal consent of MHDC and SFHDC). If Mercy/AFE and Agape are successful in reaching an agreement, then MHDC and SFHDC have indicated that they would withdraw from consideration.
11. Unless the Agency Commission selects a developer at the October 31, 2000 meeting, it is unlikely that the selected developer would have enough time to complete the purchase before the December 31, 2000 closing deadline set by the current owner of the Marlton in the Purchase Agreement.
12. For these reasons, staff recommends that the Agency authorize exclusive negotiations with the Mercy/AFE joint venture, subject to compliance with a number of milestones, including a requirement that the Mercy/AFE joint venture enter into an agreement which adds Agape to the joint venture in a manner acceptable to the residents and to Agency staff.

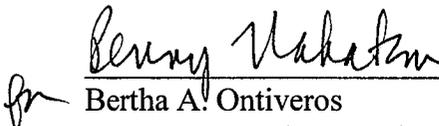
RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that:

1. The Executive Director is authorized to enter into exclusive negotiations with Mercy Housing California, a nonprofit public benefit corporation ("Mercy"), and A. F. Evans Company, Inc., a California corporation (collectively the "Developer") for an approximate 90-day period that will expire on January 31, 2001 ("Exclusive Negotiations Period"), regarding an agreement to assume the Agency's rights to purchase, improve and renovate the improvements known as the Marlton Manor, located at 240 Jones Street ("Assumption Agreement").

2. The Developer's exclusive negotiation rights are conditioned upon its achievement of the following milestones:
 - a. By November 10, 2000, reach a written agreement with the Agape Outreach Center, a California nonprofit public benefit corporation ("Agape") including Agape in the joint venture, in a form acceptable to the residents of Marlton Manor and to Agency staff.
 - b. By November 22, 2000, secure commitments for interim acquisition financing.
 - c. By December 5, 2000, obtain all required authorizations from the boards of directors of each of the Developer's member organizations to take all actions necessary to enter into the Assumption Agreement, enter into a Ground Lease Development Agreement with the Agency, and close interim financing by December 15, 2000.
3. If the Developer fails to achieve any of the above milestones, the Executive Director may terminate exclusive negotiations and take all actions necessary for the Agency to continue the process of acquiring Marlton Manor on an interim basis in anticipation of re-offering the property to developers at a later date.
4. The Executive Director is also authorized to extend the Exclusive Negotiations Period for an additional period of time, not to exceed 30 days, if necessary to complete negotiations with the Developer.

APPROVED AS TO FORM:



Bertha A. Ontiveros
Agency General Counsel