RESOLUTION NO. 79-2001
Adopted May 15, 2001

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A STANDBY PAYMENT AGREEMENT WITH CHINATOWN COMMUNITY DEVELOPMENT CENTER TO GUARANTEE THE PAYMENT OF CERTAIN MORTGAGE REVENUE BONDS IN AN AMOUNT NOT TO EXCEED $3,100,000; AND RELATED DOCUMENTS TO ENABLE THE ACQUISITION AND RENOVATION OF THE NAMIKI APARTMENTS AT 1776 SUTTER STREET, ALL AS PART OF THE AGENCY'S HOUSING PRESERVATION PROGRAM, WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

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 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 Redevelopment Law to increase and maintain the affordability of the housing stock in the City for affordability by 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. On September 14, 1999, the Agency Commission approved a Resident Capacity Grant with the Namiki Tenants Association (the “Tenants Association”) for $22,350 to fund resident organizing and initial feasibility studies with the goal of preserving their housing affordability after the expiration of the Section 8 contract governing the rent limits at the Namiki Apartments (the “Site”).

5. After a formal interview process, the Tenants Association selected Chinatown Community Development Center (“CCDC”) to be their developer partner on October 20, 1999.

6. On November 14, 2000, CCDC entered into a Purchase Agreement with Namiki Associates Ltd., the current owner, for the purchase of the Site.

7. On February 20, 2001, the Commission approved the execution of an Assignment and Assumption Agreement with CCDC for the purchase of the property but not the improvements, which may lead to the preservation of 34 units of affordable senior housing units with 8 parking spaces on the Site.
8. On February 20, 2001, the Agency Commission also approved a $180,000 Predevelopment Grant ("Grant") to enable CCDC to proceed with predevelopment activities including: Depositing $105,000 towards the cost of the Agency land acquisition into escrow by March 19, 2001 as set forth in the Purchase Agreement, developing the financing plan and scope of work for acquisition and potential rehabilitation of the Site.

9. The total proposed Agency land purchase amount is $1.9 million. After a Ground Lease rent pre-payment, the anticipated Agency contribution to the land purchase amount is $1,360,000. The total $1.9 million amount was confirmed by two appraisals, one requested by the current owner and completed in February 2000, and the second requested by the Tenants Association and completed in January 2001. The total purchase price for the development is $5,900,000. This total amount was also confirmed by the two aforementioned appraisals.

10. The existing and subsequent Section 8 Contracts for the development from HUD will be used to underwrite additional mortgage debt against the property. However, since the Section 8 Contract will be year-to-year and subject to Congressional appropriations after 2004, the selected lender will require that this rent revenue be guaranteed in some way for the term of the mortgage.

11. CCDC has requested that the Agency execute a guarantee of the revenue (above a specified level) that will come from the Section 8 Contract for the development for up to 15 years -- the term of the "B" Loan. This Guarantee gives the Agency the maximum flexibility to satisfy the requirement either through a prepayment of the "B" Loan of approximately $3,100,000, some annual debt service subsidy, or any combination of the preceding.

12. On May 4, 2001, the Citywide Housing Loan Committee reviewed the requested actions and recommends Commission approval of such actions.

13. The Agency desires to enter into the Standby Payment Agreement subject to the San Francisco Board of Supervisors' approval of the Agency's FY 2001-2002 budget in an amount sufficient to achieve the objectives of this Resolution.

BASIS FOR RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco, subject to the San Francisco Board of Supervisors' approval of the Agency's FY 2001-2002 budget in an amount sufficient to achieve the objectives of this Resolution, and that the Executive Director is authorized to enter into the following in substantially the form lodged with Agency General Counsel:

1. A Standby Payment Agreement with Chinatown Community Development Center, a California public benefit non-profit corporation, or
its assignee, to guarantee the payment of certain mortgage revenue bonds in an amount not to exceed $3,100,000.

2. Any and all ancillary documents necessary to carry out the transactions authorized by this Resolution.

APPROVED AS TO FORM:

[Signature]

BERTHA A. ONTIVEROS 6/6/01
Agency General Counsel