RESOLUTION NO. 96-2001
Adopted June 5, 2001

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXPEND AN AMOUNT NOT TO EXCEED $190,000 AS AN ADVANCE OF FUNDS PURSUANT TO THE AGENCY’S DEED OF TRUST TO PROTECT THE AGENCY’S SECURED INTEREST IN THE JORDAN APARTMENTS, 820 O’FARRELL STREET; AGENCY CITYWIDE TAX INCREMENT AFFORDABLE HOUSING PROGRAM

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (“Agency”) has established a Citywide Tax Increment Affordable Housing Program (“Program”) to assist in the acquisition and rehabilitation of housing for low- and very low-income tenants.

2. The Agency and Housing for Independent People, a California nonprofit public benefit corporation (“HIP”) previously provided a grant of $1,161,181 and entered into a Regulatory and Grant Agreement dated May 12, 1993, a First Amendment to the Regulatory and Grant Agreement dated June 2, 1995 providing an additional grant of $45,000, a Second Amendment to the Regulatory and Grant Agreement, dated December 19, 1995 providing an additional grant of $80,000, a Third Amendment to the Regulatory and Grant Agreement dated April 14, 1998 providing an additional grant of 60,000, and a Fourth Amendment to the Regulatory and Grant Agreement dated August 17, 1999 providing an additional grant of $79,250 (collectively, the “Agreement”) for an aggregate total amount of $1,425,431 which provided funds for the acquisition, rehabilitation and operation of 55 units of very low income housing at the Jordan Apartments, for affordable housing development located at 820 O’Farrell Street, Assessor’s Block 716, Lot 3, in the City and County of San Francisco (“Project”).

3. In addition, concurrently with the Grant, the Agency also provided a loan in the amount of $261,493 (“Loan”) to HIP for the Project. HIP’s obligations to perform under the Grant and Regulatory Agreement and to repay the Loan are secured by a Deed of Trust dated May 12, 1993 duly recorded in the Official Records of the City and County of San Francisco (“DOT”).

4. HIP assigned its interest in the Agreement, the Loan and the DOT to 820 O’Farrell, Inc., (“Owner”) a California nonprofit public benefit corporation, a single purpose entity controlled by HIP to own and operate the Project, pursuant to an Assignment and Assumption Agreement, dated June 24, 1994 duly recorded in the Official Records of the City and County of San Francisco.
5. HIP filed bankruptcy in December 1995 due to financial difficulties. Since the Owner was a controlled corporation and HIP appoints its Board members, HIP’s bankruptcy affected the ability and desire of the Owner to own and operate the Project.

6. While the Owner continued to own and operate the Project, worked with the Agency to obtain an interim property manager, John Stewart Company (“Property Manager”) it agreed that it would convey the property to a new owner/operator to be identified by the Agency.

7. The Property Manager has been overseeing the operations of the building including payment of bills. The Agency has issued several Requests for Proposals to identify a new owner/operator, but it has been difficult finding a new applicant satisfactory to the first mortgage lender, SAMCO.

8. The Owner is in default of the Regulatory and Grant Agreement and the Loan and the Agency is prepared to issue a notice of default. Pursuant to the Deed of Trust, the Agency may advance funds to protect its secured interest in the Project.

9. The Agency’s authorization to expend funds in an amount not to exceed $190,000 to protect its secured interest and preserve the housing for the very low income residents would ensure that critical expenses such as the first mortgage, utilities, insurance and property management, are paid through November, 2001.

10. Agency staff recommends that the Agency approve this expenditure of funds.

RESOLUTION

THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to expend an amount not to exceed $190,000 as an advance of funds pursuant to the Agency’s Deed of Trust to protect the Agency’s secured interest in the Jordan Apartments, 820 O’Farrell Street.

APPROVED AS TO FORM:

[Signature]
Bertha A. Ontiveros
Agency General Counsel