RESOLUTION NO. 98-2001
Adopted June 5, 2001

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE FOLLOWING DOCUMENTS WITH MERCY PROPERTIES CALIFORNIA, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN CONNECTION WITH THE REHABILITATION AND OPERATION OF 151 UNITS OF VERY LOW INCOME RENTAL HOUSING AT MARLTON MANOR, 240 JONES STREET: 1) A FIRST AMENDMENT TO THE TAX INCREMENT LOAN AGREEMENT EXTENDS THE LOAN PAYMENT TERM TO 55 YEARS FOR A PREVIOUSLY PROVIDED LOAN IN AN AMOUNT NOT TO EXCEED $1,335,105; AND 2) A STANDBY PAYMENT AGREEMENT WITH MERCY PROPERTIES CALIFORNIA AND THE MARLTON MANOR PERMANENT LENDER; HOUSING AND PRESERVATION AND CITYWIDE TAX INCREMENT HOUSING PROGRAMS

BASIS FOR RESOLUTION

1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq., (the “CRL”), 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 CRL 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. Marlton Manor is a 151-unit residential building (the “Development”) located at 240 Jones Street, San Francisco, California (jointly the “Marlton”), which was “at-risk” of conversion to market-rate housing. To preserve this Development as long-term affordable housing, the Agency and Mercy Properties California, a California non-profit public benefit corporation (“MPC”), acquired the land and Development, respectively, on December 19, 2000.

5. MPC acquired the Development on behalf of the joint venture development team approved by the Agency Commission on October 31, 2000, consisting of MPC, A.F. Evans Company, a California corporation; and the Agape Outreach Center, a California non-profit public benefit corporation (jointly the “Sponsor”).
6. To facilitate the Sponsor's purchase of the Development and meet an accelerated closing schedule, the Agency made a twelve-month loan of $3,004,333 to MPC for acquisition and predevelopment activities, which is currently due to be repaid on December 18, 2001. The Sponsor has fulfilled its Agency loan obligation to design a development and financing program for the long-term ownership and operation of the Development.

7. The Sponsor's permanent financing plan includes 9% Low Income Housing Tax Credits, developer equity, and two conventional loans ("A" and "B" mortgages). In order to complete the full scope of rehabilitation required and ownership obligations at the Development addition, the Sponsor has requested the conversion of up to $1,335,105 of the Agency's interim tax increment loan into permanent project financing payable on or before December 18, 2055.

8. The Development's "B" mortgage will be a 15-year loan underwritten with existing Section 8 rental subsidies from the U.S. Department of Housing and Urban Development ("Section 8"), which are renewed annually. The Development's permanent lender therefore requires a guaranty that the Agency will repay the loan if Congress does not renew the Section 8 at any point during the life of the loan and if there is a loss of Section 8 rental subsidy income. The Agency's Standby Payment Agreement will provide the necessary guaranty for this funding.

9. On May 18, 2001 the Citywide Housing Loan Committee reviewed the requested actions and recommends Commission approval of such actions.

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 designated by the Executive Director are authorized to enter into the following agreements and obligations in substantially the form lodged with Agency General Counsel:

1. A First Amendment to the Tax Increment Loan executed on December 18, 2000 with Mercy Properties California, a California non-profit public benefit corporation, previously provided in conjunction with the acquisition and rehabilitation of 151 units of very low income rental housing at Marlton Manor, to convert part of such loan in an amount not to exceed $1,335,105 to permanent financing which shall be payable 55 years after the date of the Loan Agreement.
2. A Standby Payment Agreement with Mercy Properties California and the Marlton Manor permanent lender in an amount not to exceed $3 million to guarantee a 15-year loan underwritten with Section 8 rents for the acquisition and rehabilitation of the Marlton Manor.

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

APPROVED AS TO FORM:

[Signature]
BERTHA A. ONTIVEROS
Agency General Counsel