RESOLUTION NO. 215-2001

Adopted December 4, 2001

AUTHORIZING A FIRST AMENDMENT TO THE GROUND LEASE WITH MERCY PROPERTIES CALIFORNIA, A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION, TO MAKE THE ENTIRE ANNUAL RENT ACCRUABLE FOR THE MARLTON MANOR, 240 JONES STREET; HOUSING PRESERVATION AND CITYWIDE TAX INCREMENT HOUSING PROGRAMS

BASIS FOR RESOLUTION

1. The Agency is authorized, pursuant to the California Community Redevelopment Law (Health and Safety Code, Section 33000, et seq.), and desires to distribute money from its Low and Moderate Income Housing Fund for the specific and special purpose of increasing and maintaining the housing stock in the City and County of San Francisco affordable to very low, low, and moderate income households.

2. To facilitate Mercy Properties California’s (sometimes “Sponsor”) purchase and rehabilitation of the Marlton Manor improvements, 151 units of low-income housing located at 240 Jones Street, San Francisco (the “Project”), the Agency and Sponsor executed an Interim Tax Increment Affordable Housing Program Loan Agreement (“Agreement”) and 99-year Ground Lease (“Ground Lease”, with Agency as Landlord and Sponsor as Tenant) in December 2000.

3. The Ground Lease set forth the obligations of Agency and Sponsor, including Sponsor’s obligation to pay to the Agency $260,000 per year for lease of the land, consisting of Base Rent, Residual Rent, and Contingent Rent, as more particularly described in the Ground Lease.

4. Section 4.03 of the Ground Lease discusses the Tenant’s obligation to pay, annually, “Residual Rent” of up to $30,000, which, if unpaid, accrues, and “Contingent Rent” of up to $215,000, which if unpaid does not accrue.

5. The Sponsor diligently completed predevelopment work related to the Project rehabilitation, including securing 9% Low Income Housing Tax Credits, conventional mortgage financing, and a Mark-Up-To-Market Housing Assistance Payment contract subsidy increase.

6. The current value of the Tenant’s sources of permanent financing allows it to increase the value of the Residual Rent from $30,000 to $245,000. Together with the Base Rent of $15,000 (which accrues), this increase to the Residual Rent makes the total amount of Annual Rent accruable if unpaid in any lease year.
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:

1. A First Amendment to the Ground Lease with Mercy Properties California, a California non-profit public benefit corporation, to make the entire Annual Rent accruable in conjunction with the acquisition and rehabilitation of 151 SRO units of very low income housing at the Marlton Manor, 240 Jones Street in substantially the form lodged with Agency General Counsel.

2. Any and all ancillary documents necessary to carry out the transactions authorized by this Resolution in substantially the form approved by the Agency General Counsel.

APPROVED AS TO FORM:

[Signature]

BERTHA A. ONTIVEROS
Agency General Counsel