RESOLUTION NO. 222-2001

Adopted December 11, 2001

AUTHORIZING AN OPTION AGREEMENT WITH MERCY PROPERTIES CALIFORNIA, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, GRANTING THE AGENCY AN OPTION TO PURCHASE THE LAND PORTION ONLY OF THE DUDLEY APARTMENTS, LOCATED AT 172 SIXTH STREET, IN AN AMOUNT NOT TO EXCEED $1,400,000, IN CONJUNCTION WITH THE ACQUISITION AND REHABILITATION OF 75 VERY LOW AND LOW INCOME RENTAL UNITS; SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) (the “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 Law to distribute monies to nonprofit developers and sponsors for the specific and special purpose of increasing and maintaining the housing stock in the City for very low, low and moderate income households.

3. Mercy Properties California, a California nonprofit public benefit corporation (the “Sponsor”), has applied to the Agency for tax increment funds in the amount of $6,702,754 (the “Tax Increment Loan”) for acquisition and predevelopment expenses related to acquiring the Dudley Apartments, located at 172 Sixth Street (the “Site”), and rehabilitation of 75 very low and low income rental units (the “Project”) in the Agency’s South of Market Earthquake Recovery Redevelopment Project Area (“Project Area”) and the Commission is considering this request concurrently with this Resolution pursuant to Resolution No. 223-2001.

4. The Sponsor has entered into a purchase and sale agreement to acquire the Site. The Sponsor intends to acquire the Site to provide affordable housing for very low and low income households.

5. As a condition of the Agency’s provision of the Tax Increment Loan, the Agency will require an option to acquire the land portion only of the Site (the “Option”) from the Sponsor and ground lease it back to the Sponsor (the “Ground Lease”).
6. At such time that the Agency exercises its Option, a public hearing concerning the proposed purchase and Ground Lease will be held in a time and manner required by law and subject to the Board of Supervisors' approval as required by California Health and Safety Code Section 33433.

8. The Agency now desires to enter into an Option Agreement with the Sponsor for the purchase of the land portion of the Site.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director or her designee is authorized to enter into:

1. An Option Agreement with Mercy Properties California, a California nonprofit public benefit corporation, to purchase the land portion only of the Dudley Apartments, located at 172 Sixth Street, as part of the acquisition and rehabilitation of 75 very low and low income rental units, in substantially the form lodged with the Agency General Counsel; and

2. Any and all ancillary documents necessary to consummate the transactions authorized by this Resolution, in forms to be approved by the Agency General Counsel.

APPROVED AS TO FORM:

Bertha A. Ontiveros
Agency General Counsel