

RESOLUTION NO. 26-2002

Adopted February 19, 2002

AUTHORIZING A GROUND LEASE WITH MERCY HOUSING CALIFORNIA XVIII, L.P., A CALIFORNIA LIMITED PARTNERSHIP, FOR THE LAND AT 1301-1327 POLK STREET, IN FURTHERANCE OF THE ACQUISITION AND REHABILITATION OF 72 UNITS OF VERY LOW INCOME SENIOR RENTAL HOUSING AT THE LELAND HOTEL; AGENCY CITYWIDE TAX INCREMENT AFFORDABLE HOUSING PROGRAM

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 blighted areas in the City and County of San Francisco (the "City").
2. The Agency is authorized pursuant to the 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. In December 2001, Mercy Housing California, a California non-profit public benefit corporation ("Mercy"), executed a Purchase and Sale Agreement for the Leland Hotel, a vacant and under-utilized tourist and residential hotel at 1301-1327 Polk Street.
4. Mercy established Mercy Housing California XVIII, a California Limited Partnership ("Developer"), to act as the tax credit limited partnership for the purposes of acquiring, rehabilitating, and operating the Leland Hotel as seventy-two (72) units of affordable housing for very low-income seniors (the "Project"). Mercy Properties, Inc., a Colorado non-profit public benefit corporation, will act as the partnership's managing general partner.
5. To provide economic feasibility to the Project, the Developer requested that the Agency execute a Partial Assignment of its Purchase and Sale Agreement and purchase the land at 1301-1327 Polk Street (the "Property"), which the Agency Commission is considering pursuant to Resolution No. _____ concurrently with this Resolution. The Developer intends to retain ownership of the Property's improvements.
6. To assist in the Property's dedication as long-term, stable, and affordable housing, the Agency intends to purchase the Property's land and execute a 55-year Ground Lease Agreement with the Developer, with an extension option of 44 years.

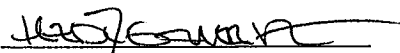
7. On February 1, 2002, the Citywide Housing Loan Committee reviewed the requested action and recommends Commission approval of such action.

BASIS FOR RESOLUTION

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

- 1) A Ground Lease Agreement with Mercy Housing California XVIII, L.P., a California Limited Partnership, as to the Agency's interest in the land at 1301-1327 Polk Street, for 55 years with an extension option of 44 years, in furtherance of the acquisition and rehabilitation of 72 units of very low-income senior rental housing, as part of the Agency Citywide Tax Increment Affordable Housing Program 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.

APPROVED AS TO FORM:


Bertha A. Ontiveros
Agency General Counsel