

RESOLUTION NO. 27-2002

Adopted February 19, 2002

AUTHORIZING A STANDBY PAYMENT AGREEMENT WITH MERCY HOUSING CALIFORNIA XVIII, L.P., A CALIFORNIA LIMITED PARTNERSHIP, AND WITH THE LELAND HOTEL PERMANENT LENDER, IN AN AMOUNT NOT TO EXCEED \$6,000,000, PLUS APPLICABLE INTEREST AND OTHER ASSOCIATED COSTS, TO GUARANTEE THE PAYMENT OF CERTAIN MORTGAGE REVENUE BONDS IN FURTHERANCE OF THE ACQUISITION AND REHABILITATION OF 72 UNITS OF VERY LOW INCOME SENIOR HOUSING AT THE LELAND HOTEL, 1301-1327 POLK STREET; 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. Mercy Housing California, a California non-profit public benefit corporation ("Mercy"), executed a Purchase and Sale Contract in December 2001 for the Leland Hotel, 1301-1327 Polk Street (the "Property"). Mercy established Mercy Housing California XVIII, L.P., a California Limited Partnership (the "Developer"), to serve as the tax credit limited partnership that would acquire, rehabilitate, and convert the Property into seventy-two (72) units of rental housing for very low-income seniors. Mercy Properties, Inc., a Colorado nonprofit public benefit corporation, will serve as the general managing partner of the partnership.
4. The development and financing plan for the Property includes Proposition A funding from the Mayor's Office of Housing, tax-exempt bond-financed first and second mortgages, Low Income Housing Tax Credits, project-based Section 8 rental subsidies, a taxable commercial loan, Affordable Housing Program funds, and developer equity.
5. The Property's permanent mortgage lender will underwrite the second mortgage, anticipated to be no more than \$6,000,000, with Section 8 rental income. Because the Section 8 program is subject to annual Congressional appropriations, the mortgage lender requires a guarantee that the second mortgage will be repaid if Section 8 funding is decreased or terminated. The Developer therefore requests that the Agency guarantee the payment of certain mortgage revenue bonds in an amount not to exceed \$6,000,000, through a Standby Payment Agreement benefiting the Developer.

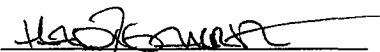
6. On February 1, 2002, the Citywide Housing Loan Committee reviewed the requested action and recommends Commission approval of such action.

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 Standby Payment Agreement with Mercy Housing California XVIII, L.P., a California limited partnership, to guarantee the payment of certain mortgage revenue bonds under certain conditions in an amount not to exceed \$6,000,000, plus applicable interest and other associated costs, in furtherance of the acquisition and rehabilitation of 72 units of very low-income senior housing at the Leland Hotel, 1301-1327 Polk Street, as part of the Agency's 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:


for Bertha A. Ontiveros
Agency General Counsel