

RESOLUTION NO. 36-2002

Adopted February 26, 2002

**AUTHORIZING EXCLUSIVE NEGOTIATIONS WITH
CONARD HOUSE, INC., A CALIFORNIA NONPROFIT
PUBLIC BENEFIT CORPORATION, FOR THE DISPOSITION,
OWNERSHIP AND OPERATION OF 54 UNITS OF VERY LOW
INCOME HOUSING FOR THE FORMERLY HOMELESS AND
ONE MANAGER'S UNIT AT THE JORDAN APARTMENTS
LOCATED AT 820 O'FARRELL STREET; AGENCY CITYWIDE
TAX INCREMENT AFFORDABLE HOUSING PROGRAM**

BASIS FOR RESOLUTION

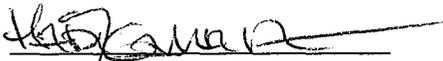
1. The Redevelopment Agency of the City and County of San Francisco ("Agency") has established a Citywide Tax Increment Affordable Housing Program to assist in the acquisition and rehabilitation of housing for low- and very low-income tenants.
2. The Agency previously provided a grant of \$1,161,181 (the "Grant") and entered into a Regulatory and Grant Agreement (the "Grant Agreement") with Housing for Independent People, a California nonprofit public benefit corporation ("HIP") dated May 12, 1993, which provided funds for the acquisition, rehabilitation and operation of 54 units of very low income housing and one manager's unit at the Jordan Apartments (the "Project") located at 820 O'Farrell Street ("the Property").
3. Concurrently with the Grant Agreement, the Agency also provided a loan in the amount of \$261,493 ("the Loan") to HIP for the Project. HIP's obligations to perform under the Grant and to repay the Loan are secured by a Deed of Trust dated May 12, 1993 ("DOT") duly recorded in the Official Records of the City and County of San Francisco ("the City").
4. HIP assigned its interest in the Agreement, the Loan and the Deed of Trust ("DOT") to 820 O'Farrell, Inc., a California nonprofit public benefit corporation, a single purpose entity controlled by HIP, to own and operate the Project, pursuant to an Assignment and Assumption Agreement, dated June 24, 1994, duly recorded in the Official Records of the City and County of San Francisco.
5. HIP filed bankruptcy in December 1995 due to financial difficulties. Since 820 O'Farrell Inc. was a controlled corporation and HIP appoints its board members, HIP's bankruptcy affected the ability and desire of 820 O'Farrell, Inc. to own and operate the Project. 820 O'Farrell Inc. then agreed to cooperate with the Agency while it searched for a new qualified owner/operator for the Property.

6. In February 1997, the Commission authorized the solicitation and selection of a nonprofit owner/operator for the Property and, in August 1997 the Agency issued a Request for Proposals ("RFP") to three nonprofits who had some experience providing services to the mentally disabled within a residential environment, however, no responses were received.
7. In October 1997, the Agency reissued the RFP to 18 nonprofit and for-profit housing service providers, and one response was received from a nonprofit who could not meet the approval of the first mortgage lender.
8. In August 1999, the Agency reissued the RFP for a third time for a qualified owner/operator of the Project and one response was received from Conard House, Inc. ("CHI").
9. In September 1999, the Affordable Housing Loan Committee reviewed and approved a request to forward a recommendation to the Commission to accept CHI and to proceed with the rehabilitation of the Property. Shortly thereafter, the Agency discovered that the owner of record at the time, 820 O'Farrell Inc., was not in good standing with the California Secretary of State and refused to cooperate with the Agency to move towards transferring the Property to a qualified owner/operator.
10. After learning that 820 O'Farrell Inc. would not cooperate in the transfer of the Project, the Agency took the necessary actions to secure its interests under the DOT and to clear the title for transfer to a qualified owner/operator by foreclosing on the Property on October 15, 2001 and subsequently becoming the owner of record.
11. John Stewart Company ("the Property Manager") is currently managing the Property until it can be conveyed to a new qualified owner/operator to be approved by the Agency. As part of the management plan, the Property Manager has been overseeing the operations of the building including payment of bills. The Agency has issued several RFPs to identify a new owner/operator, but it has been difficult finding a new applicant of satisfactory creditworthiness and expertise.
12. The Agency's authorization of Exclusive Negotiations with CHI would provide the necessary commitments to permit CHI to make the investigations and assessments to prepare them for ownership and operation of the Jordan Apartments. In addition, CHI has been providing a variety of support services to residents at the Project since April 2000 that have substantially improved the quality of life for those tenants.
13. Agency staff recommends that the Agency authorize Exclusive Negotiations with CHI for the ownership and operation of the Project.

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 Exclusive Negotiations with Conard House, Inc., or its single use asset subsidiary, for the disposition, ownership and operation of 54 units of very low income housing for the formerly homeless and one manager's unit at the Jordan Apartments located at 820 O'Farrell Street as part of the Agency's Citywide Tax Increment Affordable Housing Program.

APPROVED AS TO FORM:



per Bertha A. Ontiveros
Agency General Counsel