RESOLUTION NO. 37-2002
Adopted February 26, 2002

AUTHORIZING A PREDEVELOPMENT GRANT AGREEMENT WITH CONARD HOUSE, INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED $75,000, IN CONJUNCTION WITH THE ACQUISITION AND REHABILITATION OF 54 UNITS OF VERY LOW INCOME RENTAL HOUSING FOR THE FORMERLY HOMELESS 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 (the "Project") at the Jordan Apartments 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 Grant Agreement, the Loan and the Deed of Trust 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 ("the City").

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.

6. The Agency issued three Requests for Proposals ("RFP") between 1997 and 1999 in search of a qualified owner/operator for the Project, but it has been difficult finding a new applicant of satisfactory creditworthiness acceptable to the first mortgage lender and with the required expertise to own and operate the Project.
7. In September 1999, the Affordable Housing Loan Committee reviewed and approved a request to forward a recommendation to the Commission to accept Conard House Inc. ("CHI"), the qualified entity who responded to the last RFP in August 1999, as a potential owner/operator and to proceed with the preparation of a request to rehabilitate the Property.

8. In addition to being identified as a qualified responder to the RFP, CHI has been providing a variety of support services to residents since April 2000 that have substantially improved the quality of life for tenants residing at the Property.

9. Prior to completing the transfer to CHI, 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 that they refused to cooperate with the Agency to move towards transferring the Property to a qualified owner/operator, resulting in a default under the Grant Agreement.

10. The Agency taking the necessary actions to secure its interests under the Deed of Trust and to clear the title for transfer to a qualified owner/operator foreclosed on the Property on October 15, 2001 and subsequently became the owner of record. The Property Manager, John Stewart Company, is currently managing the Property until it can be conveyed to a new qualified owner/operator to be approved by the Agency.

11. The Agency’s authorization of a $75,000 Predevelopment Grant Agreement would permit CHI to make the necessary investigations and assessments to prepare them for ownership and operation of the Jordan Apartments.

12. Agency staff recommends that the Agency authorize a $75,000 Predevelopment Grant Agreement with CHI to fund due diligence predevelopment investigations at the Property.

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 a $75,000 Predevelopment Grant Agreement with Conard House, Inc., a California nonprofit public benefit corporation, or its nonprofit single use asset subsidiary, for predevelopment activities in conjunction with the acquisition and rehabilitation of 54 units of very low income rental housing for the formerly homeless at the Jordan Apartments, located at 820 O’Farrell Street, as part of the Agency’s Citywide Tax Increment Affordable Housing Program, substantially in the form lodged with Agency General Counsel.

APPROVED AS TO FORM:

[Signature]
Bertha A. Ontiveros
Agency General Counsel