

RESOLUTION NO. 45-2002

Adopted March 12, 2002

AUTHORIZING A FIRST AMENDMENT TO THE GROUND LEASE WITH MM PRESERVATION, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO AMEND THE SCHEDULE OF PERFORMANCE FOR REHABILITATION OF 119 UNITS OF VERY LOW INCOME RENTAL HOUSING AT MARIA MANOR, 174 ELLIS STREET, AS PART OF THE AGENCY'S AFFORDABLE HOUSING PRESERVATION PROGRAM; CITYWIDE TAX INCREMENT 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 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. The expiration of project-based Section 8 contracts poses a serious threat to San Francisco's affordable housing stock. The Agency desires to preserve developments with Section 8 contracts as affordable housing by lending or expending Tax Increment Housing Funds, an action which benefits the goals and objectives of the Agency's redevelopment project areas.
4. Maria Manor is a 119-unit residential property, whose owner had indicated its intent to prepay the HUD-insured mortgage and such property was therefore at risk of conversion to market rate housing.
5. On June 27, 2000, by Resolution No. 116-2000, the Agency approved the acquisition of the property known as Maria Manor (the "Project"), on the real property located at 174 Ellis Street, San Francisco, California (the "Site"), a Purchase and Sale Agreement, an Option and Assignment Agreement, a Tax Increment Loan Agreement not to exceed \$1,555,873 and a Standby Payment Guarantee not to exceed \$1,807,319 with Tenderloin Neighborhood Development Corporation, a California non-profit public benefit corporation ("Sponsor").
6. Pursuant to the Agency's Resolution No. 215-2000, the Agency executed the Maria Manor Ground Lease (sometimes "Ground Lease") dated as of December


7, 2000 with MM Preservation, L.P., a California limited partnership (“Tenant”) whose general partner is the Sponsor.

7. The Sponsor and Tenant proceeded diligently with the predevelopment work and secured additional permanent financing for the Project rehabilitation and operation, including 4% Low Income Housing Tax Credits, Tax Exempt Bond Mortgage financing, Tax Credit Equity, and a Mark-Up-To-Market Housing Assistance Payment Contract rental subsidy increase.
8. As a result of the expedited predevelopment process and complexity of the rehabilitation scope and phasing, the Tenant is requesting an amendment of the Ground Lease to extend the Schedule of Performance, Attachment 4 to the Ground Lease. Although the Construction Permit for the Project has been issued, the Construction Contract is being negotiated, it is not possible for construction to start on the originally proposed March 18, 2002 date.
9. The Tenant therefore requests a revision to the Schedule of Performance Attachment 4, to reflect an approximate one-month delay to the Construction Start and following tasks identified therein.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute a First Amendment to the Maria Manor Ground Lease with MM Preservation, L.P., a California limited partnership, to revise the Schedule of Performance for the rehabilitation of 119 units of very low income rental housing at Maria Manor located at 174 Ellis Street, substantially in the form lodged with Agency General Counsel.

APPROVED AS TO FORM:


for Bertha A. Ontiveros
Agency General Counsel