

RESOLUTION NO. 121-2002

Adopted June 25, 2002

AUTHORIZING A GROUND LEASE WITH MERCY HOUSING CALIFORNIA XXII, A CALIFORNIA LIMITED PARTNERSHIP, FOR THE ACQUISITION AND REHABILITATION OF 75 UNITS OF VERY LOW AND LOW-INCOME RENTAL HOUSING AT THE DUDLEY APARTMENTS, 172 SIXTH STREET; SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. California Redevelopment Law (Health and Safety Code, Section 33000, et seq.) (the "Law"), requires a Redevelopment Agency to set aside 20% of its tax increment funds for purposes of developing affordable housing.
2. The Redevelopment Agency of the City and County of San Francisco (the "Agency") administers the tax increment funds for affordable housing projects.
3. In January 2002, Mercy Properties California, a California nonprofit public benefit corporation (the "Sponsor"), acquired the Dudley Apartments at 172 Sixth Street (the "Property") using a tax increment loan from the Agency for the purpose of creating 75 very low and low income rental units in the Agency's South of Market Earthquake Recovery Redevelopment Project Area ("Project Area").
4. The Sponsor established Mercy Housing California XXII, a California Limited Partnership ("Developer"), to act as the tax credit limited partnership for the purposes of acquiring, rehabilitating, and operating the Dudley Apartments as seventy-five (75) 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. In January 2002, the Sponsor entered into an option agreement with the Agency to sell the land beneath the Property to the Agency. To assist in the Property's dedication as long-term, stable, and affordable housing, the Sponsor requests that the Agency execute its option to purchase the Property's land and execute a 55-year ground lease agreement with the Developer, with an extension option of 44 years (the "Ground Lease").
6. A public hearing concerning the proposed purchase and Ground Lease will be held in a time and manner required by law and subject to the Board of Supervisors' approval as required by California Health and Safety Code Section 33433.


7. On June 7, 2002, the Citywide Housing Loan Committee reviewed the requested action and recommends Commission approval of such action.
8. The Agency now desires to execute the Ground Lease with the Developer for 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 the following agreements and obligations:

- 1) A Ground Lease Agreement with Mercy Housing California XXII, a California Limited Partnership, as to the Agency's interest in the land at the Dudley Apartments, 172 Sixth Street, in the South of Market Earthquake Recovery Redevelopment Project Area, for 55 years with an extension option of 44 years, for the acquisition and rehabilitation of 75 units of very low-income 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