

## RESOLUTION NO. 138-2002

Adopted July 30, 2002

**AUTHORIZING A TAX INCREMENT LOAN AGREEMENT WITH 32-40 6<sup>th</sup> STREET, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, IN AN AMOUNT NOT TO EXCEED \$142,785, FOR PREDEVELOPMENT ACTIVITIES RELATED TO THE REHABILITATION OF THE SENECA HOTEL, LOCATED AT 32-40 SIXTH STREET; SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA**

### BASIS FOR RESOLUTION


1. The Redevelopment Agency of the City and County of San Francisco ("Agency") is authorized, pursuant to the California Community Redevelopment Law (Health and Safety Code, Section 33000, *et seq.*) and desires to distribute money from its Low and Moderate Income Housing Fund for the specific and special purpose of increasing and maintaining the housing stock in the City and County of San Francisco as affordable to very low, low, and moderate income households.
2. The Agency is developing a Single Room Occupancy ("SRO") Owners Rehabilitation Program, which proposes to provide financial assistance to owners of SRO hotels along the Sixth Street Corridor.
3. The Seneca Hotel ("Site") is a 204-unit SRO hotel located at 32-40 Sixth Street, in the South of Market Earthquake Recovery Redevelopment Project Area.
4. The Site is leased on a long-term basis by the Tenderloin Housing Clinic, a California nonprofit public benefit corporation ("THC"), from the owner, 32-40 6<sup>th</sup> Street, LLC ("Owner")(the "Master Lease"), to provide housing to very low-income residents, many of whom are clients of the Personal Assistance Employment Services ("PAES") Program, an employment assistance program administered by the City's Department of Human Services ("DHS").
5. THC, on behalf of the Owner, has requested \$142,785 for predevelopment activities related to the renovation of the Site (the "Predevelopment Loan"). The loan will be made to the Owner and THC will administer the loan proceeds for the purpose of developing a scope of work for renovating the Site, including improvements to the common areas and elevator repairs. At this time, it is anticipated that the Owner will request an additional approximate amount of \$850,000 for the construction of the renovations, following the predevelopment work (the "Construction Loan").

6. In addition to the rent restrictions currently in effect for all 204 units at the Site, under the DHS PAES Program, the Owner, in consideration for the Predevelopment Loan and the anticipated Construction Loan, has agreed to greater affordability levels of up to 35% AMI for 88 of the 204 units for 15 years or for the term of the Master Lease, whichever is greater.
7. On April 6, 2001, the Citywide Affordable Housing Loan Committee recommended that THC's Predevelopment Loan request be funded by the Agency under the proposed SRO Owners Rehabilitation Program using tax increment funds, subject to certain terms and condition.
8. The Agency has adequate tax increment funds for this loan in its Fiscal Year 2002-2003 budget.

### **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 Tax Increment Affordable Housing Loan Agreement with 32-40 6th Street, LLC, a California Limited Liability Company, for predevelopment activities associates with the rehabilitation of the Seneca Hotel, located at 32-40 Sixth Street San Francisco, in the South of Market Earthquake Recovery Redevelopment Project Area, in an amount not to exceed \$142,785, substantially in the form lodged with the Agency General Counsel.

**APPROVED AS TO FORM:**

  
BERTHA A. ONTIVEROS  
Agency General Counsel