

RESOLUTION NO. 208-2002

Adopted December 10, 2002

**AUTHORIZING AN AMENDMENT TO THE EXCLUSIVE
NEGOTIATIONS PERIOD TO EXTEND THE TERM FOR SIX MONTHS
AND A FIRST AMENDMENT TO A PREDEVELOPMENT GRANT
AGREEMENT TO MODIFY THE SCHEDULE OF PERFORMANCE WITH
CONARD HOUSE, INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT
CORPORATION, FOR THE ACQUISITION AND REHABILITATION OF
55 VERY LOW INCOME RENTAL UNITS AT THE JORDAN
APARTMENTS, 820 O'FARRELL STREET; CITYWIDE TAX INCREMENT
AFFORDABLE HOUSING PROGRAM**

BASIS FOR RESOLUTION

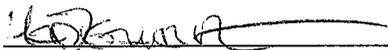
1. The Redevelopment Agency of the City and County of San Francisco ("Agency") has established a Citywide Tax Increment Affordable Housing Program to assist in the acquisition and rehabilitation of housing for low- and very low-income tenants.
2. The Agency previously provided a grant of \$1,161,181 (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.
4. HIP assigned its interest in the Agreement, the Loan and the 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, but shortly thereafter 820 O'Farrell Inc. declined to cooperate with the Agency in the transfer of the Project.
6. 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.
7. 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.
8. On February 26, 2002, the Commission authorized an Exclusive Negotiations Agreement (the "ENA") and a Predevelopment Grant Agreement for a total amount not to exceed \$75,000.00 (the "Agreement") with Conard House, Inc., a California nonprofit public benefit corporation ("CHI"), pursuant to Resolution Numbers 36-2002 and 37-2002.
9. In August, 2002, Agency staff requested that CHI modify its approach in the development of the rehabilitation construction budget which will require CHI to have additional time to perform all of its due diligence activities.
10. The Agency's authorization of a six month extension to the Exclusive Negotiations period and a modification to the Agreement's Schedule of Performance, will provide the necessary time to permit CHI to make the investigations and assessments to adequately prepare for the rehabilitation and continued operation of the Jordan Apartments.
11. Agency staff recommends an extension to the Exclusive Negotiations period with CHI from December 26, 2002, to June 26, 2003 for the ownership and operation of the Project, and a First Amendment to the Agreement to modify the Schedule of Performance in accordance with the extension of time.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to extend the Exclusive Negotiations period with Conard House, Inc., a California nonprofit public benefit corporation, or its single purpose subsidiary, for a six month period, from December 26, 2002 to June 26, 2003 and to execute a First Amendment to the Predevelopment Grant Agreement to modify the Schedule of Performance in accordance with the extension of time, for the acquisition and rehabilitation of 55 units of very low income housing at the Jordan Apartments located at 820 O'Farrell Street, in substantially the form lodged with Agency General Counsel, as part of the Agency's Citywide Tax Increment Affordable Housing Program.

APPROVED AS TO FORM:


Bertha A. Ontiveros
Agency General Counsel