

**RESOLUTION NO. 210-2002**

Adopted December 10, 2002

**AUTHORIZING AN AMENDED AND RESTATED STANDBY PAYMENT AGREEMENT WITH MERCY HOUSING CALIFORNIA XVIII, L.P., A CALIFORNIA LIMITED PARTNERSHIP, AND WITH THE LELAND POLK SENIOR COMMUNITY PERMANENT LENDER, IN AN AMOUNT NOT TO EXCEED \$6,000,000, PLUS APPLICABLE INTEREST AND OTHER ASSOCIATED COSTS, TO GUARANTEE THE PAYMENT OF CERTAIN MORTGAGE REVENUE BONDS FOR THE ACQUISITION AND REHABILITATION OF 72 UNITS OF VERY LOW INCOME SENIOR HOUSING AT THE LELAND POLK SENIOR COMMUNITY, 1301-1327 POLK STREET; CITYWIDE TAX INCREMENT AFFORDABLE HOUSING PROGRAM**

**BASIS FOR RESOLUTION**

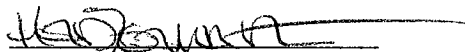
1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*, (the "Law"), the Redevelopment Agency of the City and County of San Francisco (the "Agency") undertakes programs for the reconstruction and rehabilitation of blighted areas in the City and County of San Francisco (the "City").
2. The Agency is authorized pursuant to the Law to increase and maintain the affordability of the housing stock in the City for very-low, low and moderate-income households.
3. Mercy Housing California, a California non-profit public benefit corporation ("Mercy"), executed a Purchase and Sale Contract in December 2001 for the Leland Hotel, 1301-1327 Polk Street (the "Property"). Mercy established Mercy Housing California XVIII, L.P., a California Limited Partnership (the "Developer"), to serve as the tax credit limited partnership that would acquire, rehabilitate, and convert the Property, renamed the Leland Polk Senior Community, into seventy-two (72) units of rental housing for very low-income seniors (the "Project").
4. At its public hearing of February 19, 2002, by Resolution Numbers 25-2002, 26-2002, 27-2002 and 28-2002, the Agency Commission authorized the following actions for the Project's development: (1) an inducement resolution expressing the Agency's intent to issue up to \$11 million in tax-exempt bonds; (2) the Agency's purchase of the land; (3) a long-term Ground Lease Agreement with the Developer; and (4) a Standby Payment Agreement of up to \$6 million, which guarantees that portion of the Project's debt underwritten with project-based Section 8 funding.

5. The San Francisco Mayor's Office of Housing ("MOH") provided the Developer with Proposition A Affordable Housing funds to acquire the Property's improvements and commence predevelopment work.
6. The Property's permanent mortgage lender will underwrite the bond-financed second mortgage, anticipated to be no more than \$6,000,000, with Section 8 rental income. Since Congress makes appropriations for the Section 8 program on an annual basis, the permanent lender requires the Standby Payment Agreement to guarantee that the second mortgage will be repaid if Section 8 funding is terminated.
7. In September 2002, the Developer secured a \$10,200,000 allocation of tax-exempt, variable rate multifamily housing revenue bonds from the California Debt Limit Allocation Committee (CDLAC) to partially finance the Project's acquisition and rehabilitation. CDLAC requires that the bond closing occur on or before December 23, 2002.
8. The Project's bond counsel has requested that the Agency modify the Standby Payment Agreement to identify the housing revenue bond series name and related bond issuance information.

### **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 an Amended and Restated Standby Payment Agreement with Mercy Housing California XVIII, L.P., a California limited partnership, to guarantee the payment of certain mortgage revenue bonds under certain conditions in an amount not to exceed \$6,000,000, plus applicable interest and other associated costs, for the acquisition and rehabilitation of 72 units of very low-income senior housing at the Leland Polk Senior Community, 1301-1327 Polk Street, as part of the Agency's Citywide Tax Increment Affordable Housing Program, in substantially the form lodged with Agency General Counsel.

**APPROVED AS TO FORM:**

  
For Bertha A. Ontiveros  
Agency General Counsel