

RESOLUTION NO. 214-2002

Adopted December 10, 2002

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE WITH MERCY HOUSING XVII, L.P., A CALIFORNIA LIMITED PARTNERSHIP: (1) A PURCHASE AND SALE AGREEMENT FOR THE AGENCY PURCHASE OF LAND; (2) A GROUND LEASE; AND, (3) A STANDBY PAYMENT AGREEMENT TO GUARANTEE THE PAYMENT OF CERTAIN MORTGAGE REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$5,440,000, FOR THE ACQUISITION AND REHABILITATION OF 68 UNITS OF VERY LOW INCOME HOUSING AT THE DEREK SILVA COMMUNITY AT 1580-98 MARKET STREET; CITYWIDE TAX INCREMENT AFFORDABLE HOUSING PROGRAM

BASIS FOR RESOLUTION

1. The Agency is authorized under a Housing Opportunities for Persons with AIDS ("HOPWA") Grant Agreement with the United States Department of Housing and Urban Development ("HUD"), executed pursuant to the AIDS Housing Opportunity Act (42 U.S.C. §§ 12901 to 12912), to provide qualifying sponsors with resources for meeting the housing needs of persons with Acquired Immune Deficiency Syndrome ("AIDS").
2. On December 31, 2001, Mercy Housing California XVII, a California Limited Partnership (the "Developer"), acquired the Derek Silva Community, consisting of 61 residential units and approximately 6,400 square feet of ground floor commercial space, located at 1580-98 Market Street in San Francisco, California and the improvements thereon (the "Property"), in part with a federal HOPWA loan from the Agency in the amount of \$2,300,000 (the "HOPWA Loan"), approved by the Commission on December 4, 2001, pursuant to Resolution Number 212-2001.
3. Catholic Charities of the Archdiocese of San Francisco ("CCASF") operated the Property as affordable supportive housing for persons living with HIV/AIDS under a master lease from the previous owner from 1995 through the acquisition of the Property by the Developer in December 2001. The Developer will continue to operate the Property as affordable supportive housing for persons living with HIV/AIDS with CCASF providing on-site supportive services to the residents.
4. The Developer has secured financing to rehabilitate the Property to increase the number of residential units available to very low-income people living with HIV/AIDS from 61 to 68, and to make needed structural and electrical improvements.
5. The Commission, pursuant to Resolution Number 29-2002, expressed its intent to issue tax-exempt mortgage revenue bonds to provide permanent and construction financing for the Property on February 19, 2002. The California Debt Limit

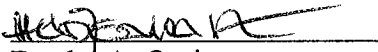
Allocation Committee (“CDLAC”) awarded the project a bond allocation of up to \$13,300,000 in September 2002. The Developer has also secured a 4% tax credit allocation from the California Tax Credit Allocation Committee and an award from the State of California’s Multifamily Housing Program (“MHP”).

6. The San Francisco Housing Authority has awarded the Developer a project-based Section 8 voucher allocation for 61 of the 68 units at the Property (the “Section 8 Contract”). The Section 8 Contract will be used to underwrite additional mortgage debt against the Property. However, since the Section 8 allocation is subject to Congressional appropriations, the selected lender will require that this rent revenue be guaranteed for the term of the mortgage.
7. The Developer has requested that the Agency execute a guarantee of the revenue that will come from the Section 8 Contract for the development for up to 15 years. This guarantee, in the form of a Standby Payment Agreement, gives the Agency the maximum flexibility to satisfy the requirement either through a prepayment of the tax-exempt bonds in the amount of approximately \$5,440,000, some annual debt service subsidy, or any combination of the preceding.
8. The Developer has requested that the land portion of the Property be transferred to the Agency, with an appraised value determined to be equal to that of the HOPWA Loan amount, and that this transfer be considered repayment of the HOPWA Loan.
9. The Developer has also requested that the Agency execute a Ground Lease to lease the land back to the Developer.
10. On November 22, 2002, the Citywide Housing Loan Committee reviewed the requested actions and recommended Agency Commission approval of such actions.

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 with Mercy Housing XVII, L.P., a California Limited Partnership: (1) a Purchase and Sale Agreement for the Agency purchase of land; (2) a Ground Lease; and (3) a Standby Payment Agreement to guarantee the payment of certain mortgage revenue bonds in an amount not to exceed \$5,440,000, for the acquisition and rehabilitation of 68 units of very low income housing at the Derek Silva Community at 1580-98 Market Street, in substantially the form lodged with Agency General Counsel.

APPROVED AS TO FORM:


Bertha A. Ontiveros
Agency General Counsel