

## RESOLUTION NO. 39-2003

*Adopted March 18, 2003*

**AUTHORIZING A TAX INCREMENT LOAN AGREEMENT WITH MERCY HOUSING CALIFORNIA, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED \$5,275,514, SUBJECT TO FUTURE APPROPRIATION OF FUNDS, FOR THE ACQUISITION, PREDEVELOPMENT, AND CONSTRUCTION OF APPROXIMATELY 57 VERY LOW INCOME FAMILY RENTAL UNITS AT 227-255 SEVENTH STREET (BATMALE SITE); SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA**

### **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 slums and blighted areas in the City and County of San Francisco (the "City").
2. Pursuant to the Law, the Board of Supervisors of the City (the "Board") established the South of Market Earthquake Recovery Redevelopment Project Area (the "Project Area") and adopted the South of Market Earthquake Recovery Redevelopment Plan (as amended, the "Redevelopment Plan").
3. The Agency is authorized pursuant to the Law to increase and maintain the affordability of the housing stock in the City for affordability by very-low, low and moderate-income households and to develop commercial, public or other structures or spaces as may be appropriate or necessary in the interest of the general welfare.
4. 227-255 Seventh Street (the "Site") is an underutilized property located in the South of Market Earthquake Recovery Redevelopment Project Area. Mercy Housing California, a California nonprofit public benefit corporation (the "MHC"), and the South of Market Health Center, a California nonprofit public benefit corporation (the "SOMHC") have entered into a purchase agreement with the current owner of the Site, the Living Trust of Wayne & Therese Batmale (the "Owner").
5. MHC and SOMHC will perform due diligence activities leading to the purchase of the Site before November 30, 2003 (the expiration date of the purchase agreement), with predevelopment activities continuing until eventual construction starts sometime in the fall of 2005. The Project should be completed and occupied by the fall of 2007.
6. The preliminary concept calls for the Site to be subdivided into two air rights parcels governed by a corresponding set of ground leases with the Agency, after transfer of the Site to the Agency. The SOMHC parcel would be the ground-floor (podium) level, and the MHC parcel would be the floors above. MHC would use

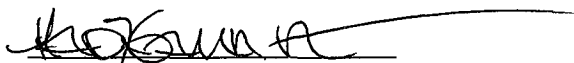
their parcel to develop approximately 57 affordable family rental units, and SOMHC would use their parcel to develop an approximately 20,000 square foot healthcare facility. The long-term financing plan for the Project calls for the Agency's purchase of the land, taxable permanent mortgages, low-income housing tax credits, private donations and public grants (for the health clinic), and additional Agency funding.

7. MHC is now requesting a grant in an amount not to exceed \$5,275,514 for costs associated with the predevelopment and acquisition of the Site for development of the affordable housing component of the Project (the "MHC Amount"). Concurrently with this request, pursuant to Resolution No. 40-2003, SOMHC is requesting a loan in an amount not to exceed \$1,420,917 for costs associated with the predevelopment and acquisition of the Site for development of the healthcare facility component of the Project. Staff is requesting Commission approval of the MHC Amount at this time, subject to future budget appropriations, as part of the 2003-2004 budget appropriations.
8. On February 21, 2003, the Citywide Housing Loan Committee reviewed the requested actions and recommends Commission approval of such actions.

#### **BASIS FOR 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 a Tax Increment Loan Agreement with Mercy Housing California, a California nonprofit corporation, in an amount not to exceed \$5,275,514 for the acquisition, predevelopment, and construction of approximately 57 very low income family rental units at 227-255 Seventh Street (Batmale Site) in the South of Market Earthquake Recovery Redevelopment Project Area, substantially in the form lodged with Agency General Counsel.

**APPROVED AS TO FORM:**

  
BERTHA A. ONTIVEROS  
Agency General Counsel