

RESOLUTION NO. 81-2003

*Adopted May 27, 2003
(Rescinded February 2, 2005)*

AUTHORIZING A FIRST AMENDED AND RESTATED TAX INCREMENT LOAN AGREEMENT WITH 480 VALENCIA, INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, TO DELETE THE SECURITY FOR THE AGENCY LOAN AND AUTHORIZING A REPAYMENT GUARANTEE AGREEMENT WITH CITIBANK, FSB, A CALIFORNIA CORPORATION, FOR AN AMOUNT NOT TO EXCEED \$2,050,000 IN CONJUNCTION WITH THE ACQUISITION OF 63 VERY LOW INCOME FAMILY RENTAL UNITS AT MARIPOSA GARDENS APARTMENTS, 2445 MARIPOSA STREET, AS PART OF THE AGENCY'S HOUSING PRESERVATION PROGRAM; CITYWIDE TAX INCREMENT 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 slums and 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 affordability by very-low, low and moderate-income households.
3. The expiration of project-based Section 8 contracts poses a serious threat to San Francisco's affordable housing stock. The Agency desires to preserve developments with Section 8 contracts as affordable housing by lending or expending Tax Increment Housing Funds, an action that benefits the goals and objectives of the Agency's redevelopment project areas.
4. The Mariposa Gardens Apartments is a 63-unit residential property (the "Development") located at 2445 Mariposa Street in San Francisco (the "Site"). The current owners of the Project are PMG-Inc., a Texas Corporation and PMG Housing Partners 1982-VII, a California limited partnership (the "Partnership") and together with PMG, Inc. (the "Owner"). Mission Housing Development Corporation, a California nonprofit public benefit corporation ("MHDC"), currently owns a portion of the Development, as the general partner for the Partnership. The Owner's ability to prepay the HUD-insured mortgage puts the Development at risk of conversion to market rate housing.
5. 480 Valencia Inc., a California nonprofit public benefit corporation ("480 Valencia"), with MHDC as its general partner, has entered into a purchase agreement with the Owner to purchase the Owner's interest in the Development to

preserve its affordability for very low-income families through the acquisition and rehabilitation of the Development.

6. On November 19, 2002, pursuant to Resolution No. 200-2002, the Commission authorized the Executive Director to enter into a tax increment loan agreement with 480 Valencia for an amount not to exceed \$4,000,000 (the "Agency Loan Documents") to purchase the Owner's interest in the Development (the "Interim Closing").
7. The long-term financing plan for the Development calls for the Agency's purchase of the land, tax-exempt bonds, permanent mortgages, and low-income housing tax credits. 480 Valencia will own the improvements and commit to a long-term ground lease with the Agency, pending a bond allocation from the California Debt Limit Allocation Committee.
8. As part of the process toward the Interim Closing, the Borrower was required to submit to the U.S. Department of Housing and Urban Development (HUD) a request for approval of a Modified Transfer of Physical Asset (MTPA). This approval is required due to the change in ownership interest, and the securing of additional (secondary) debt against the property.
9. In January 2003, HUD initiated their review and requested additional information prior to approving the MTPA. On May 12, 2003, HUD indicated their concern regarding the nature of the secondary interim financing to be provided by the Agency and Citibank F.S. B, a California corporation (Citibank).
10. Because of the secondary financing issue, the Borrower is now requesting that the Agency Loan Documents be revised to no longer require the Agency loan to be secured by the Development. In addition, the alternative method of structuring the secondary financing requires that the Agency execute a repayment guaranty for the secondary interim financing provided by Citibank, in an amount not exceed \$2,050,000.
11. On May 16, 2003, the Citywide Housing Loan Committee reviewed the updated information and approved the request.
12. If HUD, in the course of issuing a final approval for the MTPA, does not require the alternative method of structuring the secondary financing, the original financing structure, as approved by the Commission pursuant to Resolution No. 200-2002, will remain in place and this Resolution will be automatically rescinded.

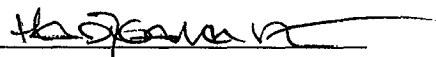
BASIS FOR RESOLUTION

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 the following agreements and obligations, in substantially the form lodged with Agency General Counsel:

1. A First Amended and Restated Tax Increment Loan Agreement with 480 Valencia, Inc., a California nonprofit public benefit corporation, in an amount not to exceed \$4,000,000, for the acquisition of 63 units of very low-income family rental units at Mariposa Gardens Apartment, located at 2445 Mariposa Street;
2. A Repayment Guarantee with Citibank, F.S.B., a California corporation, for an amount not exceed \$2,050,000; and,
3. Any and all ancillary documents necessary to carry out the transactions authorized by this Resolution.

If the U.S. Department of Housing and Urban Development, in the course of issuing a final approval for the Modified Transfer of Physical Assets, does not require the alternative method of structuring the secondary financing, the original financing structure, as approved by the Commission pursuant to Resolution No. 200-2002, will remain in place and this Resolution will be automatically rescinded.

APPROVED AS TO FORM:


BERTHA A. ONTIVEROS
Agency General Counsel