

## RESOLUTION NO. 102-2003

*Adopted June 24, 2003*

### **AUTHORIZING A PURCHASE AND SALE AGREEMENT WITH JORDAN HOUSING CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN THE AMOUNT OF \$2,050,000 FOR THE SALE OF THE IMPROVEMENTS LOCATED AT 820 O'FARRELL STREET (JORDAN APARTMENTS); 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 property manager's unit (the "Project") at the Jordan Apartments 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 repay the Loan were 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 (the "City").
4. HIP assigned its interest in the Grant Agreement, the Loan and the Deed of Trust to 820 O'Farrell, Inc., a California nonprofit public benefit corporation pursuant to an Assignment and Assumption Agreement, dated June 24, 1994, and later HIP filed bankruptcy in December 1995 due to financial difficulties. Since 820 O'Farrell Inc. was a subsidiary of HIP, HIP's bankruptcy affected the ability and desire of 820 O'Farrell, Inc. to own and operate the Project.

5. The Agency issued three Requests for Proposals (“RFP”) between 1997 and 1999 in search of a qualified owner/operator for the Project. Conard House Inc., a California nonprofit public benefit corporation (“CHI”) is a qualified entity who responded to the last RFP in August 1999. In September 1999, the Affordable Housing Loan Committee recommend that the Agency Commission (“Commission”) accept CHI as an owner/operator and to proceed with the preparation of a request to rehabilitate the Property. CHI has been providing a variety of support services to residents since April 2000 that have substantially improved the quality of life for tenants residing at the Property.
6. The Agency took the necessary actions to secure its interests under the Deed of Trust and to clear the Project’s title and foreclosed on the Property on October 15, 2001 becoming the owner of record. John Stewart Company continues to provide property management services.
7. By Resolution No. 37-2002 dated February 26, 2002, the Commission authorized a \$75,000 Predevelopment Grant Agreement to permit CHI to make the necessary investigations and assessments to prepare them for ownership and operation of the Jordan Apartments.
8. By Resolution No. 208-2002 dated December 11, 2002, the Commission authorized a first amendment to the Predevelopment Grant Agreement with CHI to modify the Schedule of Performance.
9. CHI has established a single-asset nonprofit subsidiary, Jordan Housing Corporation, a California non-profit public benefit corporation (“JHC”), to ultimately own and operate the Project.
10. JHC applied for \$1,250,000 in State Multifamily Housing Program Funds (“MHP”) to partially fund the rehabilitation of the Project.
11. JHC met the necessary due diligence requirements for entering into a 65-year Ground Lease with an option to renew for an additional 34 years.
12. By Resolution No. 30-2003 dated March 11, 2003, the Commission authorized execution of a Ground Lease requiring an annual rent payment of \$130,000 with a base rent payment of \$1.00 per year, and a residual amount of \$129,999.00 per year that is accruable.
13. By Resolution No. 31-2003 dated March 11, 2003, the Commission authorized a Tax Increment Loan Agreement in an amount not to exceed \$1,250,000, as a bridge loan subject to receipt of an award from the State MHP Program.

14. By Resolution No. 33-2003 dated March 11, 2003, the Commission authorized execution of a Regulatory and Grant Agreement in an amount not to exceed \$3,886,864 (subject to receipt of an award from the State MHP Program) to pay for the balance of the development costs associated with the acquisition and rehabilitation of the Project.
15. On June 3, 2003, the Finance Committee of the State MHP Supportive Housing program informally announced its approval of a \$1,250,000 award for the project.
16. JHC has met the necessary due diligence requirements for purchasing the improvements and the project is fully financed and ready to begin construction for the rehabilitation of the property to address deferred maintenance issues and improve the quality of life for tenants.

### 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 Purchase and Sale Agreement for an amount not to exceed \$2,050,000 with Jordan Housing Corporation, a California nonprofit public benefit corporation, in conjunction with the sale and rehabilitation of 55 units of very low income rental housing at the Jordan Apartments, located at 820 O'Farrell Street, substantially in the form lodged with the Agency General Counsel.

**APPROVED AS TO FORM:**

  
for Bertha A. Ontiveros 6/15/03  
Agency General Counsel