

RESOLUTION NO. 167-2003

Adopted November 18, 2003

AUTHORIZING: 1) A CONSTRUCTION GROUND LEASE; 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 \$8,077,500 WITH MERCY HOUSING CALIFORNIA XX, A CALIFORNIA LIMITED PARTNERSHIP, IN CONJUNCTION WITH THE DEVELOPMENT OF 139 UNITS OF VERY LOW INCOME SENIOR RENTAL HOUSING (PLUS ONE MANAGER'S UNIT) AT THE MISSION CREEK SENIOR COMMUNITY, 201 BERRY STREET; MISSION BAY NORTH 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. On September 17, 1998, the Agency Commission approved the Mission Bay North and South Redevelopment Plans and Owner Participation Agreements ("OPAs") with Catellus Development Corporation, a Delaware Corporation, ("Catellus"). The OPAs require that approximately 1,700 of the 6,000 housing units be affordable to low and moderate income households. Catellus is obligated to create approximately 255 affordable units as part of its development plans. The remaining 1,445 units will be developed by nonprofit housing developers selected by the Agency on approximately 16 acres of land that Catellus is required to contribute to the Agency. The 16 acres are composed of 3.8 acres in Mission Bay North and 12.2 acres in Mission Bay South. Catellus is generally required to contribute land to the Agency as it proceeds with its own developments.
3. The Agency's Mission Bay Affordable Housing Policy (the "Policy"), also approved by the Commission on September 17, 1998, states that the Agency will select nonprofit developers for these sites through a Request For Qualifications ("RFQ") process. The RFQ for Parcel 1 of Block N3a (the "Site") was developed in consultation with the Director of the Mayor's Office of Housing and in compliance with the City's affordable housing goals, as required by the Policy.
4. At its meeting on January 16, 2001, the Agency Commission authorized the Agency Executive Director to enter into Exclusive Negotiations with Mercy Housing California, a public benefit nonprofit corporation, and further authorized an Exclusive Negotiations Agreement (the "Agreement") with Mercy Housing California to clarify the obligations it must fulfill to remain in Exclusive

Negotiations leading to the execution of a Ground Lease Agreement and the development of the Site.

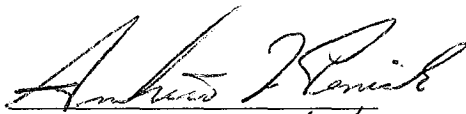
5. The Developer has secured financing to develop the Property for very low-income seniors.
6. The Agency Commission, pursuant to Resolution No. 133-2002, expressed its intent to issue tax-exempt mortgage revenue bonds to provide permanent and construction financing for the Property on July 9, 2002. The California Debt Limit Allocation Committee ("CDLAC") awarded the project a bond allocation of up to \$23,000,000 in September 2003. The Developer has also secured a 4% tax credit allocation from the California Tax Credit Allocation Committee.
7. The Developer has submitted an application for funding from the State of California's Multifamily Housing Program ("MHP").
8. The San Francisco Housing Authority has awarded the Developer a project-based Section 8 voucher allocation for 88 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.
9. 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 years 11 through 20. 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 \$8,077,500, some annual debt service subsidy, or any combination of the preceding.
10. In order to develop the library parcel, the Developer has requested a construction ground lease so Site access may be legally obtained and secured during the construction phase.
11. The Developer has also requested that the Agency execute a Ground Lease to lease the land back to the Developer in order to operate the Site as a 139 unit very low income rental facility with supportive services, retail and associated parking.

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 California XX, a California Limited Partnership:

- (1) a Construction Ground Lease;
- (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 \$8,077,500, for the development of 139 units of very low income senior housing (plus one manager's unit) at the Mission Creek Senior Community at 201 Berry Street, all substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:


for James B. Morales 11/12/03
Agency General Counsel