

**RESOLUTION NO. 188-2003**

*Adopted December 16, 2003*

**AUTHORIZING A SECOND AMENDED AND RESTATED STANDBY  
PAYMENT AGREEMENT WITH MERCY HOUSING CALIFORNIA XVIII, L.P.,  
A CALIFORNIA LIMITED PARTNERSHIP, AND WITH CITIBANK (WEST),  
FSB, IN AN AMOUNT NOT TO EXCEED \$2,590,000, PLUS APPLICABLE  
INTEREST AND OTHER ASSOCIATED COSTS, TO GUARANTEE THE  
PAYMENT OF CERTAIN MORTGAGE REVENUE BONDS FOR THE  
ACQUISITION AND REHABILITATION OF 72 UNITS OF VERY LOW  
INCOME SENIOR HOUSING AT THE LELAND HOTEL, 1301-1327 POLK  
STREET; AGENCY CITYWIDE TAX INCREMENT AFFORDABLE 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 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. Mercy Housing California, a California non-profit public benefit corporation ("Mercy"), executed a Purchase and Sale Contract in December 2001 for the Leland Hotel, 1301-1327 Polk Street (the "Property"). Mercy established Mercy Housing California XVIII, L.P., a California Limited Partnership (the "Developer"), to serve as the tax credit limited partnership that would acquire, rehabilitate, and convert the Property into seventy-two (72) units of rental housing for very low-income seniors (the "Project"). Mercy Properties, Inc., a Colorado nonprofit public benefit corporation, serves as the general managing partner of the partnership.
4. To complete the Project, the Developer has secured Proposition A funding from the Mayor's Office of Housing, tax-exempt bond-financed first and second mortgages, low income housing tax credits, project-based Section 8 rental subsidies, a taxable commercial loan, Affordable Housing Program funds, and developer equity.
5. Citibank (West), FSB, the Property's permanent mortgage lender (the "Bank"), will underwrite the second mortgage, anticipated to be no more than \$2,590,000, with Section 8 rental income. The value of this second mortgage is reduced from the Commission authorized value of an amount not to exceed \$6,000,000 as a

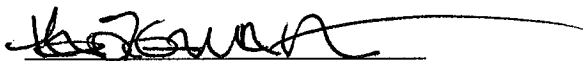
guarantee for the second mortgage that was memorialized in Agency Resolutions Nos. 27-2002 and 210-2002, adopted February 19, 2002 and December 10, 2002, respectively. But although the Commission authorized an Agency payment obligation for the project of up to \$6,000,000, the actual Amended and Restated Standby Payment Agreement between the Project's permanent lender, the Developer, and the Agency, executed as part of the bond closing in December 2002 only guaranteed a loan value of \$2,500,000 due to lower Section 8 rents.

6. Based on the Bank's willingness to increase the loan value by \$90,000 from \$2.5 million to \$2,590,000, the Developer now requests that the Agency modify its guarantee of the payment of certain mortgage revenue bonds in an amount not to exceed \$2,590,000 through a Second Amended and Restated Standby Payment Agreement benefiting the Developer.

### **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 Second Amended and Restated Standby Payment Agreement with Mercy Housing California XVIII, L.P., a California limited partnership, and Citibank (West), FSB in an amount not to exceed \$2,590,000, plus applicable interest and other associated costs, for the acquisition and rehabilitation of 72 units of very low-income senior housing at the Leland Hotel, 1301-1327 Polk Street, as part of the Agency's Citywide Tax Increment Affordable Housing Program, substantially in the form lodged with the Agency General Counsel.

#### **APPROVED AS TO FORM:**

  
James B. Morales  
Agency General Counsel