RESOLUTION NO. 14-2004

Adopted February 3, 2004

AUTHORIZING: (1) THE AGENCY’S ACCEPTANCE OF LAND IN LIEU OF REPAYMENT OF A LOAN; (2) A GROUND LEASE WITH MARIPOSA GARDENS II, L.P., A CALIFORNIA LIMITED PARTNERSHIP, FOR THE AGENCY’S INTEREST IN LAND AT 2445 MARIPOSA STREET, FOR 55 YEARS WITH AN EXTENSION OPTION OF 20 YEARS; (3) A STANDBY PAYMENT AGREEMENT WITH MARIPOSA GARDENS II, L.P., A CALIFORNIA LIMITED PARTNERSHIP, AND CITIBANK, FSB, A CALIFORNIA CORPORATION, IN AN AMOUNT NOT TO EXCEED $1,365,459, PLUS APPLICABLE INTEREST AND OTHER ASSOCIATED COSTS, TO GUARANTEE THE PAYMENT OF CERTAIN PRIVATE LOAN FUNDS; AND, (4) RELATED DOCUMENTS WITH RELATED PARTIES FOR THE REHABILITATION OF 63 VERY LOW-INCOME FAMILY RENTAL UNITS AT THE MARIPOSA GARDENS APARTMENTS, 2445 MARIPOSA STREET; AS PART OF THE AGENCY’S HOUSING PRESERVATION PROGRAM; 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 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”).

5. On November 19, 2002, the Commission approved a loan to 480 Valencia Inc., a California nonprofit public benefit corporation (“480 Valencia”), with Mission Housing Development Corporation, a California nonprofit public benefit corporation, as its general partner, in the amount of $4,000,000 (the “Agency
Loan”), to purchase the limited partner interests in the property from PMG-Inc., a Texas Corporation and PMG Housing Partners 1982-VII, a California limited partnership (the “Partnership”), to preserve the Development’s affordability for very low-income families through the acquisition and rehabilitation of the Development.


7. In July 2003, the Developer secured a 9% tax credit allocation from the California Tax Credit Allocation Committee.

8. The Developer is now requesting that the Agency accept a transfer of the land under the improvements, valued at $4.48 million, in full repayment of the Agency Loan. The Agency will then enter into a ground lease with the Developer, owner of the improvements, and the Developer will prepay approximately $627,000 in land rent.

9. In addition, 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 flexibility to satisfy the Developer’s loan obligation to Citibank either through a prepayment of or payment of the debt service on the second mortgage.

10. 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 an affordable housing development.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to accept the land under the improvements at 2445 Mariposa Street in lieu of payment for the Agency Loan of $4,000,000 and to execute with Mariposa Gardens II, a California Limited Partnership:

(1) a Ground Lease;

(2) a Standby agreement to guarantee the leveraged private debt against the property in an amount not to exceed $1,365,459, to retain 63 units of very low income family housing as affordable,
(3) related documents; all substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:

James B. Morales
Agency General Counsel