RESOLUTION NO. 28-2004

Adopted March 2, 2004

AUTHORIZING A HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS CAPITAL LOAN AGREEMENT WITH MERCY HOUSING WEST, A CALIFORNIA NONPROFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED $631,214 FOR THE REHABILITATION OF 68 VERY LOW-INCOME RENTAL UNITS AT THE DEREK SILVA COMMUNITY RESIDENCE, 1580-1598 MARKET STREET

BASIS FOR RESOLUTION

1. The Agency is authorized under a Housing Opportunities for Persons with AIDS ("HOPWA") Grant Agreement with the United States Department of Housing and Urban Development ("HUD"), executed pursuant to the AIDS Housing Opportunity Act (42 U.S.C. §§ 12901 to 12912), to provide qualifying sponsors with resources for meeting the housing needs of persons with Acquired Immune Deficiency Syndrome ("AIDS").

2. On December 31, 2001, Mercy Housing California XVII, a California limited partnership (the “Developer”), acquired the Derek Silva Community Residence, consisting of 61 residential units and approximately 6,400 square feet of ground floor commercial space, located at 1580-1598 Market Street in San Francisco, and the improvements thereon (the “Property”), in part with a loan of HOPWA funds approved by the Commission on December 4, 2001, pursuant to Resolution No. 212-2001.

3. Catholic Charities of the Archdiocese of San Francisco ("CCASF") operated the Property as affordable supportive housing for persons living with HIV/AIDS under a master lease from the previous owner from 1995 through the acquisition of the Property by the Developer in December 2001. The Developer will continue to operate the Property as affordable supportive housing for persons living with HIV/AIDS with CCASF providing on-site supportive services to the residents (the “Project”).

4. The Developer has secured financing to rehabilitate the Property to increase the number of residential units available to very low-income people living with HIV/AIDS from 61 to 68, and to make needed structural and electrical improvements.
5. Additional funding that has been secured for the rehabilitation and permanent financing of the Property includes a tax credit allocation from the California Tax Credit Allocation Committee, as well as funding from the State of California’s Multifamily Housing Program.

6. The Developer has obtained a Section 8 project-based voucher allocation from the San Francisco Housing Authority (“SFHA”) for 90% of its 68 units (61 units) to support the ongoing operation of the Property. The projected rent levels that determine the subsidy amount for these vouchers was estimated at a significantly higher amount than was finally approved by the SFHA due to the decline in the rental housing market during the previous months. This reduction created a shortfall in the amount of funding available to rehabilitate and operate the Project. The Borrower requested additional funds from the Agency in the amount of $1,066,000 to meet this shortfall and fully fund the rehabilitation.

7. On December 19, 2002, the following actions were completed:

1. the execution of a loan in the amount of $1,066,000 of federal Financial Adjustment Factor (“FAF”) funds to rehabilitate the Property (the “Loan”), pursuant to Agency Resolution No. 214-2002;

2. the issuance of Multifamily Housing Revenue Bonds in the amount of $11,650,000, pursuant to Agency Resolution No. 215-2002;

3. the transfer of the land portion of the Property to the Agency as repayment of the HOPWA Loan, and the execution of a Ground Lease to lease the land back to the Borrower, pursuant to Agency Resolution No. 216-2002; and

4. the execution of a Standby Payment Agreement to guarantee the payment of the Multifamily Housing Revenue Bonds in an amount not to exceed $5,440,000, pursuant to Agency Resolution No. 216-2002.

8. On December 16, 2004, the Commission approved a First Amendment to the FAF Capital Loan Agreement with the Developer to extend the rehabilitation completion date from December 2003 to July 2004.

9. Since the rehabilitation began, several unforeseen conditions have been identified that exceed the funding currently allocated for the rehabilitation of the Property, including additional structural problems, the need for more extensive elevator rehabilitation, and a relocation
process that was longer than anticipated due to the difficulty in finding comparable units for those tenants who were being relocated.

10. Mercy Housing West, a California nonprofit corporation, the managing general partner of the Developer, has requested a loan of federal HOPWA funds in an amount of $631,214.00 to complete the rehabilitation of the Derek Silva Community Residence.

11. The Agency now desires to execute a HOPWA Capital Loan Agreement with the Borrower for the requested amount. The Borrower will complete the rehabilitation of the Property with the funds.

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 HOPWA Capital Loan Agreement with Mercy Housing West, a California nonprofit corporation, in conjunction with the rehabilitation of 68 very low income rental units at the Derek Silva Community Residence, 1580-98 Market Street, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:

[Signature]
James B. Morales
Agency General Counsel