RESOLUTION NO. 36-2004

Adopted March 16, 2004

AUTHORIZING A TAX INCREMENT LOAN AGREEMENT WITH MERCY HOUSING CALIFORNIA, XIV, A CALIFORNIA LIMITED PARTNERSHIP, IN AN AMOUNT NOT TO EXCEED $7,865,955, FOR ACQUISITION, HOLDING, AND PREDEVELOPMENT OF APPROXIMATELY 126 VERY LOW INCOME FAMILY RENTAL UNITS, AND ONE MANAGER'S UNIT, AT 10TH AND MISSION STREETS, BLOCK 3508, LOTS 13, 26 AND 27; MID-MARKET REDEVELOPMENT SURVEY AREA

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the “Agency”) is authorized pursuant to California Community Redevelopment Law (Health and Safety Code, Section 33000 et seq.), and desires to distribute monies from its tax increment Low and Moderate Income Housing Fund to certain nonprofit sponsors for the specific and special purpose of increasing and maintaining the housing stock in the City and County of San Francisco for very low-, low- and moderate-income individuals and families.

2. The 10th and Mission site is an underutilized property located at 10th and Mission Streets, Block 3508, a portion of Lot 13, and Lots 26 and 27 in San Francisco, California (the “Site”). Mercy Housing California, XIV, a California limited partnership (the “Developer”), has entered into a ground lease with an option to purchase the Site (the “Ground Lease”) with the current owner of the Site, VILO Properties, Inc. and Victor and Lorraine Honig (the “Owner”). The Ground Lease requires the Developer to provide the Owner with 12 months notice of intention to purchase the Site.

3. The Developer intends to develop the Site after transferring the land to the Agency, and through leases with the Agency. The Developer will construct an affordable multifamily housing development on the Site (the “Project”). The Developer will perform predevelopment activities leading to the purchase of the Site before March 17, 2005 (the earliest that the Site can be purchased per the Ground Lease with the Owner, if notice to exercise the option to purchase is given by March 17, 2004), with predevelopment activities continuing until an eventual construction starts in early 2006. The Project should be completed and occupied by late 2007.

4. Based on current designs, the Project will be ten stories or approximately 103 feet in height, with approximately 191,175 square feet in floor area. This component will contain approximately 3,450 square feet of general retail use on the ground floor fronting 10th and Mission Streets, 3,200 square feet of theater/arts space, and 3,740 square feet for a boys and girls club. The family housing component will include 127 units comprised of 32 one-bedroom units, 54 two-bedroom units,
40 three-bedroom units, and one two-bedroom manager’s unit. The podium level on the second floor will include 12,000 square feet of property management and resident services office space and a large community room. There is also a 7,800 square feet courtyard at this level. This design has not yet been approved by the Agency. The final design will be brought to the Redevelopment Agency Commission for approval when Agency staff has completed the design review process. The long-term financing plan for the Project calls for the Agency’s purchase of the land and issuance of tax exempt multifamily housing revenue bonds, low-income housing tax credits, a State of California Multifamily Housing Program loan, and additional Agency funding.

5. Two actions are required to reconfigure the existing parcels to conform to parcels appropriate for the Project: (1) apply to San Francisco Department of Public Works (“SFDPW”) for a “Lot Unmerge” per Article 1.7 of the Subdivision Map Act; and, (2) apply for a lot line adjustment with SFDPW to move one property line (the line that separates Lot 27 from Lot 13) such that Lot 13 is reduced to the size needed to accommodate a senior housing project that is being developed by Mercy Housing California, a California nonprofit, public benefit corporation, concurrently with this Site, and Lots 26 and 27 will accommodate the Project (only). The parcel segregation action will be complete before the acquisition in March, 2005. The lot line adjustment is estimated to be complete by June, 2005.

6. Currently, the Developer is requesting a loan in an amount not to exceed $7,865,955, to pay for the acquisition, holding, and predevelopment costs associated with the purchase and development of the Site.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized (1) to enter into a Tax Increment Loan Agreement with Mercy Housing California, XIV, a California limited partnership, in an amount not to exceed $7,865,955, to pay for acquisition, holding, and predevelopment costs associated with the purchase and development of the Site, specifically, the development of approximately 126 very low income family rental units (plus one manager’s unit), and related community space, substantially in the form lodged with the Agency General Counsel; and (2) enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

APPROVED AS TO FORM:

[Signature]
James B. Morales
Agency/General Counsel