RESOLUTION NO. 37-2004

Adopted March 16, 2004

AUTHORIZING A TAX INCREMENT GRANT AGREEMENT WITH MERCY HOUSING CALIFORNIA, A CALIFORNIA NONPROFIT, PUBLIC BENEFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED $3,572,214, FOR ACQUISITION, HOLDING, AND PREDEVELOPMENT OF APPROXIMATELY 103 VERY LOW INCOME SENIOR RENTAL UNITS, AND ONE MANAGER’S UNIT, AT 9TH AND JESSIE 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. Mercy Housing California, a California nonprofit, public benefit corporation, (the “Developer”) intends to develop the real property located at 9th and Jessie Streets, Block 3508, Lots 13, 26, and 27, San Francisco, California (the “Site”).

3. The Site is an underutilized property. The Developer is the general partner of Mercy Housing California, XIV, a California limited partnership (“MHC XIV”), which 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 MHC XIV to provide the Owner with 12 months notice of intention to purchase the Site.

4. Developer proposes to construct 103 affordable housing units for very low-income seniors (62 years or older) who are at or below 50 percent of Area Median Income, plus one manager’s unit (the “Project”).

5. Based on the current design, the Project will front the south side of Jessie Street and would be eight stories or approximately 79 feet in height, with approximately 95,270 square feet in floor area. The Project will contain approximately 3,140 square feet of office space to be used for property management functions and 7,700 square feet of parking space. The senior housing component will include 104 units comprised of 21 studio units, 82 one-bedroom units, and one two-bedroom manager’s unit. Each floor has a lounge and a laundry room. 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.

6. 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 the 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 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.

7. Currently, the Developer is requesting a grant in an amount not to exceed $3,572,214, 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 Grant Agreement with Mercy Housing California, a California nonprofit, public benefit corporation, in an amount not to exceed $3,572,214, to pay for acquisition, holding, and predevelopment costs associated with the purchase and development of the Site, specifically, the development of approximately 103 very low income senior rental units (plus one manager’s unit), and related community space, substantially in the form lodged with the Agency General Counsel; and (2) to enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

APPROVED AS TO FORM:

James B. Morales
Agency General Counsel