

RESOLUTION NO. 111-2006

Adopted August 15, 2006

AUTHORIZING A SECOND AMENDMENT TO THE ALEXANDER RESIDENCE GROUND LEASE WITH AR PRESERVATION, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO REVISE THE PERMITTED USES OF INCOME FROM OPERATIONS FOR THE REHABILITATION OF 179 UNITS OF VERY LOW INCOME RENTAL HOUSING UNITS AT THE ALEXANDER RESIDENCE, 230 EDDY STREET, AS PART OF THE AGENCY'S AFFORDABLE HOUSING PRESERVATION PROGRAM; CITYWIDE TAX INCREMENT 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 distribute monies to nonprofit developers and sponsors for the specific and special purpose of increasing and maintaining the housing stock in the City for 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 which benefits the goals and objectives of the Agency's redevelopment project areas.
4. The Alexander Residence is a 179-unit residential property (the "Development") located at 230 Eddy Street, San Francisco, California (the "Site") (jointly the "Residence"). The Development's owner has indicated its intent to prepay the HUD-insured mortgage and the Development is therefore at risk of conversion to market rate housing.
5. On June 27, 2000 by Resolution No. 2000-113, the Commission authorized the Agency to enter into a purchase agreement to acquire the Residence (the "Purchase Agreement") with the intention of assigning such agreement in part and conveying the improvements to a nonprofit organization for operation and renovation of the Development along with a leasehold interest in the Site.
6. On August 7, 2000, the Agency issued a Request for Qualification ("RFQ") for housing developers to assume the Purchase Agreement and complete the acquisition and renovation of the Development. On October 10, 2000, the Agency Commission

authorized exclusive negotiations with Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation (the "Developer").

7. On December 5 2000 authorized by Resolution 2000-248, the Agency and Tenderloin Neighborhood Development Corporation ("Sponsor") purchased the land and improvements, respectively, at 230 Eddy Street ("Alexander Residence" or "Project"), as part of the Agency's Housing Preservation Program. At that time, the Sponsor and Agency executed a twelve-month Affordable Housing Tax Increment Loan Agreement ("Agreement"), which provided Four Million Seven Hundred Eleven Thousand Four Hundred Twenty-Five Dollars (\$4,711,425) for the Sponsor's improvements acquisition and predevelopment work.

8. Pursuant to TNDC's assignment of the right to acquire, renovate and operate the improvements on the Development, AR Preservation, L.P., a California limited partnership (sometimes "Tenant") whose General Partner is TNDC, entered into the Ground Lease with the Agency on December 5, 2000.

9. On December 4, 2001, the Agency adopted Resolution No. 211-2001, authorizing a First Amendment to the Alexander Residence Ground Lease with AR Preservation, L.P., a California limited partnership to revise the Schedule of Performance.

10. Subsequent to the completion of the development, Agency Asset Management staff noted that the Alexander Residence Ground Lease did not reflect income during operations as a permitted use of surplus cash during the rehabilitation. As a result, a technical revision to the Ground Lease is required in order to more accurately reflect the agreed upon structure.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco to authorize the Executive Director to execute a Second Amendment to the Alexander Residence Ground Lease with AR Preservation, L.P., a California limited partnership, to revise the permitted uses of income from operations for rehabilitation of 179 units of very low income rental housing units at the Alexander Residence, 230 Eddy Street, as part of the Agency's Affordable Housing Preservation Program; Citywide Tax Increment Housing Program, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:



James B. Morales
Agency General Counsel

