

RESOLUTION NO. 134-2009

Adopted November 17, 2009

AUTHORIZING A GROUND LEASE WITH TURK & EDDY ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, FOR A TERM OF 55 YEARS WITH A 44-YEAR OPTION TO EXTEND, WITH ANNUAL LEASE PAYMENTS OF \$340,000, IN CONJUNCTION WITH APPROXIMATELY 80 VERY LOW INCOME RENTAL UNITS, PLUS TWO MANAGERS' UNITS, LOCATED AT 249 EDDY STREET AND 161-165 TURK STREET, AS PART OF THE AGENCY'S AFFORDABLE HOUSING PRESERVATION PROGRAM; CITYWIDE TAX INCREMENT HOUSING PROGRAM

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.*), to distribute monies from its Tax Increment Affordable Housing Fund to nonprofit developers and 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 households.
2. Turk & Eddy Associates, L.P., a California limited partnership (the "Tenant"), is an affiliate of Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation ("TNDC"), desires to enter into a ground lease (the "Ground Lease") with the Agency (the "Landlord").
3. TNDC applied to the Agency for an acquisition loan in an amount not to exceed Seven Million Sixty-Four Thousand Eight Hundred Thirty-One Dollars (\$7,064,831) to finance the acquisition of the land and a portion of the buildings and additional expenses of the real properties located at 249 Eddy Street, Block 0339, Lot 15A, and 161-165 Turk Street, Block 0343, Lot 017 in San Francisco, California (the "Site"). The Site is comprised of two properties; 249 Eddy Street is developed with 55 studio units and 161-165 Eddy Street has 22 studio and 5 one-bedroom apartments situated in the Tenderloin neighborhood.
4. TNDC entered into a Purchase and Sale Agreement dated September 8, 2006 with Aspen Tenderloin Apartments Company, a California limited partnership, to purchase the Site and holds the fee title in trust for the Agency. At or prior to the close of Tenant's construction financing, TNDC will transfer fee title to the Site less the improvements to the Agency as partial payment of the loan for the credited amount of Three Million Seven Hundred Twenty-Eight Thousand Five Hundred Seventy-One Dollars (\$3,728,571). TNDC will also concurrently transfer the improvements to Tenant and Tenant will assume the remaining balance of the Agency loan.

5. The rehabilitation plan will preserve the 55 studio units at 249 Eddy Street with approximately 30,185 gross square feet and the 22 studio units plus 5 one-bedroom units at 161-165 Eddy with approximately 17,400 gross square feet (the "Project"). The long-term financing plan for the Project includes the Agency paying for a portion of the acquisition and development costs, construction and permanent funding from a commercial lender acceptable to the Agency, "exchange" funds from the California Tax Credit Allocation Committee, Affordable Housing Program funds, and income from operations and deferred developer fees. Tenant anticipates that the Project will be completed and occupied in 2010.
6. On December 5, 2006, by Resolution No. 158-2006, the Agency Commission authorized the execution of a loan to TNDC in an amount not to exceed Seven Million Sixty-Four Thousand Eight Hundred Thirty-One Dollars (\$7,064,831) to finance a portion of the acquisition and additional costs associated with the purchase and development of the Site.
7. The Agency believes that the fulfillment of the terms and conditions of this Ground Lease are in the vital and best interests of the City and the health, safety, morals and welfare of its residents, and in full accord with the public purposes and provisions of applicable state and federal laws and requirements.
8. This Project is categorically exempt under the California Environmental Quality Act ("CEQA"), pursuant CEQA Guidelines Section 15301(d). The rehabilitation of existing structures would not independently create any significant effects on the physical environment.

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 Ground Lease with Turk & Eddy Associates, L.P., a California limited partnership, for a term of 55 years, with a 44-year option to extend, with annual lease payments of \$340,000, in connection with approximately 80 very low income rental units at 249 Eddy Street, Block 0339, Lot 15A, and 161-165 Turk Street, Block 0343, Lot 017, in San Francisco, California, substantially in the form lodged with the Agency General Counsel; and enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

APPROVED AS TO FORM:



for. James B. Morales 11/12/09
Agency General Counsel