

1 [Ground Lease of Redevelopment Agency Land for Namiki Apartments]
2 **Resolution Approving The Redevelopment Agency Of The City And County**
3 **Of San Francisco's Lease Of Land At Assessor's Block 675, Lot 49,**
4 **Commonly Known As 1776 Sutter Street, To Namiki Apartments, L.P., For**
5 **50 Years For The Purpose Of Preserving A Housing Development For Very**
6 **Low And Low Income Households.**

7 WHEREAS, The expiration of project-based Section 8 contracts poses a
8 serious threat to San Francisco's affordable housing stock; and

9 WHEREAS, The Agency and the City desire to preserve developments
10 with Section 8 contracts as affordable housing; and

11 WHEREAS, The housing development located at Assessor's Block 675,
12 Lot 49, more commonly known as 1776 Sutter Street ("the Project"), has a soon-
13 to-expire Section 8 contract; and

14 WHEREAS, The current private owner of the Project can, terminate the
15 Section 8 contract and convert the Project from affordable housing to market rate
16 housing; and

17 WHEREAS, In order to preserve the long-term affordability of the Project,
18 the Agency intends to become the owner of the land associated with the Project
19 ("the Property") located in the Japantown section of the Western Addition
20 neighborhood ; and

21 WHEREAS, Namiki Apartments, L.P., a California limited partnership
22 ("Developer") is an entity established to acquire and operate the Project as
23 housing units for Very Low and Low Income Households and will become the
24 owner of the improvements on the Property; and

25 WHEREAS, A majority of the tenants at the Project have endorsed the
acquisition of the Project by the Developer; and

1 WHEREAS, The Developer has applied to the Agency for funding to
2 preserve the Project as affordable housing; and

3 WHEREAS, The Developer has secured an allocation of Tax-Exempt
4 Multi-family Mortgage Revenue Bonds and 4% Low Income Tax Credits and this
5 funding, together with the Agency funding and the lease of the Property for a
6 restricted rent, estimated to be \$190,000 will make it financially feasible for the
7 Developer to preserve 34 dwelling units for occupancy by Very Low and Low
8 Income Households, as those terms are defined in California Health and Safety
9 Code Sections 50105 and 33334.2, respectively; and

10 WHEREAS, The Agency and Namiki Apartments, L.P. intend to enter into
11 a ground lease ("the Ground Lease"), in which the Agency will lease the Property
12 for One Hundred and Ninety Thousand Dollars (\$190,000) per year, of which
13 \$15,000 is due and payable each year with the remainder payable to the extent
14 income exceeds operations, in exchange for the Developer's agreement, among
15 other things, to preserve the Project with rent levels affordable to Very Low and
16 Low Income Households; and

17 WHEREAS, Although the Property could command a higher rent, leasing
18 the Property for a rent in excess of the stated rent would render it financially
19 infeasible to preserve the Project with rent levels affordable to Very Low and Low
20 Income Households; and

21 WHEREAS, Because the Property will be purchased with tax increment
22 money, Section 33433 of the California Health and Safety Code requires the
23 Board of Supervisors' approval of its sale or lease, after a public hearing; and

24 WHEREAS, Notice of the public hearing has been published as required by
25 Health and Safety Code Section 33433; and

WHEREAS, The Agency prepared and submitted a report in accordance
with the requirements of Section 33433 of the Health and Safety Code, including
a copy of the proposed Ground Lease, and a summary of the transaction
describing the cost of the Ground Lease of the Agency, the value of the property

1 interest to be conveyed, the lease price and other information was made
2 available for the public inspection; now therefore be it

3 RESOLVED, That the Board of Supervisors of the City and County of San
4 Francisco does hereby find and determine that the lease of the Property from the
5 Agency to Namiki Apartments, L.P., a California limited partnership: (1) will
6 provide housing for Very Low and Low Income Persons; (2) is consistent with the
7 Agency's implementation plan adopted pursuant to California Health and Safety
8 Code Section 33490; (3) the less than fair market value rent of approximately
9 One Hundred and Ninety Thousand Dollars (\$190,000) per year for a period of
10 fifty (50) years is necessary to effectuate the purposes of the Mayor's Affordable
11 Housing Preservation Program; and (4) the consideration to be received by the
12 Agency is not less than the fair reuse value at the use and with the covenants
13 and conditions and developments costs authorized by the Ground Lease; and be
14 it

15 FURTHER RESOLVED, That the Board of Supervisors hereby approves
16 and authorizes the Agency to execute the Ground Lease of the Property from the
17 Agency to Namiki Apartments, L.P., substantially in the form of the Ground Lease
18 lodged with the Agency General Counsel, and to take such further actions and
19 execute such documents as are necessary to carry out the Ground Lease on
20 behalf of the Agency.
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City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 011731

Date Passed:

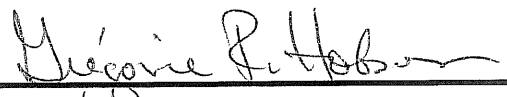
Resolution approving the Redevelopment Agency of the City And County of San Francisco's lease of land at Assessor's Block 675, Lot 49, commonly known As 1776 Sutter Street, to Namiki Apartments, L.P., for 50 Years for the purpose of preserving a housing development for very low and low income households.

October 15, 2001 Board of Supervisors — ADOPTED

Ayes: 9 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, Newsom, Peskin, Yee
Absent: 2 - McGoldrick, Sandoval

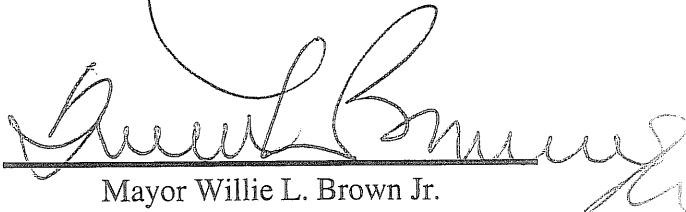
File No. 011731

I hereby certify that the foregoing Resolution was ADOPTED on October 15, 2001 by the Board of Supervisors of the City and County of San Francisco.


for Gloria L. Young
Clerk of the Board

OCT 25 2001

Date Approved


Mayor Willie L. Brown Jr.