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[Ground Lease of Redevelopment Agency Land for Marlton Manor Apartments]
APPROVING THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF
SAN FRANCISCO'S LEASE OF LAND AT ASSESSOR'S BLOCK 339, LOT 14,
COMMONLY KNOWN AS 240 JONES STREET, TO MERCY PROPERTIES
CALIFORNIA, FOR 50 YEARS FOR THE PURPOSE OF PRESERVING A HOUSING
DEVELOPMENT FOR VERY LOW AND LOW INCOME HOUSEHOLDS.

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

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

WHEREAS, The housing development located at Assessor's Block 339, Lot 14,
more commonly known as 240 Jones Street ("the Project"), has an expiring Section 8
contract and an FHA-insured mortgage eligible for prepayment; and

WHEREAS, The current private owner of the Project expressed its intention to
prepay that mortgage, terminate the Section 8 contract and convert the Project from
affordable housing to market rate housing; and

WHEREAS, In order to preserve the long-term affordability of the Project, the
Agency intends to become the owner of the land associated with the Project ("the
Property") located in the Tenderloin neighborhood ; and

WHEREAS, Mercy Properties California, a California 501 (c) (3) Non-profit
corporation ("Developer") is an entity established to acquire and operate the Project as
housing units for Very Low and Low Income Households and will become the owner of
the improvements on the Property; and

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

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

1 WHEREAS, The Developer anticipates securing 9% Low Income Tax Credits
2 and, this funding, the Agency funding and the lease of the Property for a restricted rent,
3 estimated to be two hundred and sixty thousand dollars per year (\$260,000), will make it
4 financially feasible for the Developer to preserve 151 dwelling units for occupancy by
5 Very Low and Low Income Households, as those terms are defined in California Health
6 and Safety Code Sections 50105 and 33334.2, respectively; and

7 WHEREAS, The Agency and Mercy Properties California intend to enter into a
8 ground lease (“the Ground Lease”), in which the Agency will lease the Property for two
9 hundred and sixty thousand dollars (\$260,000) per year, of which \$15,000 is due and
10 payable each year with the remainder payable to the extent income exceeds operations, in
11 exchange for the Developer’s agreement, among other things, to preserve the Project with
12 rent levels affordable to Very Low and Low Income Households; and

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

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

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

22 WHEREAS, The Agency prepared and submitted a report in accordance with the
23 requirements of Section 33433 of the Health and Safety Code, including a copy of the
24 proposed Ground Lease, and a summary of the transaction describing the cost of the
25 Ground Lease of the Agency, the value of the property interest to be conveyed, the lease
price and other information was made available for the public inspection; now therefore
be it

1 RESOLVED, That the Board of Supervisors of the City and County of San
2 Francisco does hereby find and determine that the lease of the Property from the Agency
3 to Mercy Properties California, a California 501(c) (3) Non-profit corporation: (1) will
4 provide housing for Very Low and Low Income Persons; (2) is consistent with the
5 Agency's implementation plan adopted pursuant to California Health and Safety Code
6 Section 33490; (3) the less than fair market value rent of approximately two hundred and
7 sixty thousand dollars (\$260,000) per year for a period of fifty (50) years is necessary to
8 effectuate the purposes of the Mayor's Affordable Housing Preservation Program; and
9 (4) the consideration to be received by the Agency is not less than the fair reuse value at
10 Ground Lease; and be it

11 FURTHER RESOLVED, That the Board of Supervisors hereby approves and
12 authorizes the Agency to execute the Ground Lease of the Property from the Agency to
13 Mercy Properties California, substantially in the form of the Ground Lease lodged with
14 the Agency General Counsel, and to take such further actions and execute such
15 documents as are necessary to carry out the Ground Lease on behalf of the Agency.
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City and County of San Francisco

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

Tails

Resolution

File Number: 002073

Date Passed:

Resolution approving the Redevelopment Agency of the City and County of San Francisco's lease of land at Assessor's Block 339, Lot 14, commonly known as 240 Jones Street, to Mercy Properties California, for 50 years for the purpose of preserving a housing development for very low and low income households.

December 11, 2000 Board of Supervisors — ADOPTED

Ayes: 9 - Ammiano, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki

Absent: 1 - Yee

Excused: 1 - Becerril

File No. 002073

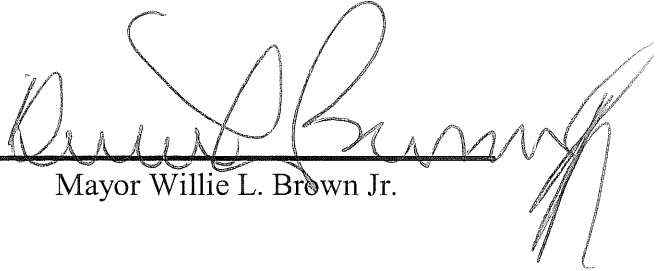
I hereby certify that the foregoing Resolution was ADOPTED on December 11, 2000 by the Board of Supervisors of the City and County of San Francisco.

DEC 22 2000

Date Approved



Gloria L. Young
Clerk of the Board



Mayor Willie L. Brown Jr.