Resolution approving the Redevelopment Agency of the City and County of San Francisco’s lease of land at Assessor’s Block 3726, Lot 10, commonly known as 172 Sixth Street, to Mercy Housing California XXII, L.P., a California Limited Partnership, for 55 years for the purpose of developing housing for very low income households.

WHEREAS, The Agency and the City desire to increase the City’s supply of affordable housing and encourage affordable housing development through financial and other forms of assistance; and

WHEREAS, The housing development located at Assessor’s Block 3726, Lot 10, more commonly known as 172 Sixth Street (“the Project”), is a vacant building which may be converted to permanent, quality, affordable housing for Very Low and Low Income households, as those terms are defined by the United States Department of Housing and Urban Development (“HUD”); and

WHEREAS, Mercy Housing California XXII, L.P., a California Limited Partnership (“Developer”), is an entity established to rehabilitate and operate the Project as housing units for Very Low and Low Income households and acquired the Project on January 2, 2002; and

WHEREAS, The Developer has received a tax increment capital loan from the Agency for the acquisition and rehabilitation of the Project in order to convert the Project to seventy-five (75) affordable housing units for Very Low and Low Income households; and

WHEREAS, the Agency intends to become the owner of the land associated with the Project (the “Property”) in order to assist in the Project’s acquisition and to ensure the long-term affordability of the Project; and
WHEREAS, the Agency has approved a Housing Opportunities For Persons With AIDS ("HOPWA") loan to be used towards rehabilitation of the Property (the "HOPWA Loan" or "Loan") in order to develop the 75 units as affordable housing; and

WHEREAS, The Developer shall leverage the City's financial assistance through applications to the California Tax Credit Allocation Committees for additional Project funding; and

WHEREAS, The Agency and the Developer intend to enter into a ground lease agreement ("the Ground Lease"), in which the Agency will lease the Property for One Hundred Forty Thousand Dollars ($140,000.00) per year, with new appraisal adjustments every fifteen years, of which $20,000 is due and payable each year with the remainder payable to the extent income exceeds operations, in exchange for the Developer's agreement, among other things, to operate the Project with rent levels affordable to Very Low and Low Income Households; and

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

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

WHEREAS, Notice of the public hearing has been published as required by 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.
Lease to 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

RESOLVED, That the Board of Supervisors of the City and County of San Francisco
does hereby find and determine that the lease of the Property from the Agency to Mercy
Housing California XXII, L.P., a California Limited Partnership: (1) will provide housing for
Very Low and Low Income Persons; (2) is consistent with the Agency's Citywide Tax
Increment Affordable Housing Program, pursuant to California Health and Safety Code
Section 33342.2, et. seq.; (3) the less than fair market value rent of approximately One
Hundred Forty Thousand Dollars ($140,000.00) per year, as adjusted per reappraisals every
fifteen years, for a period of fifty-five (55) years is necessary to achieve affordability for Very
Low and Low Income Households; and (4) the consideration to be received by the Agency is
not less than the fair reuse value at the use and with the covenants and conditions and
developments costs authorized by the Ground Lease; and be it

FURTHER RESOLVED, That the Board of Supervisors hereby approves and
authorizes the Agency to execute the Ground Lease of the Property from the Agency to Mercy
Housing California XXII, L.P., substantially in the form of the Ground Lease lodged with the
Agency General Counsel, and to take such further actions and execute such documents as
are necessary to carry out the Ground Lease on behalf of the Agency.
Resolution approving the Redevelopment Agency of the City and County of San Francisco's lease of land at Assessor's Block 3726, Lot 10, commonly known as 172 Sixth Street, to Mercy Housing California XXII, L.P., a California Limited Partnership, for 55 years for the purpose of developing housing for very low income households.

July 15, 2002  Board of Supervisors — ADOPTED
Ayes: 11 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, McGoldrick, Newsom, Peskin, Sandoval, Yee

I hereby certify that the foregoing Resolution was ADOPTED on July 15, 2002 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

Date Approved

Mayor Willie L. Brown Jr.