Resolution approving the Redevelopment Agency of the City and County of San Francisco's lease of land at Assessor's Block 3508, Lot 51, commonly known as 9th and Jessie Streets, San Francisco, California (the "Site") in the Mid-Market Redevelopment Survey Area, to MERCY HOUSING CALIFORNIA, a California nonprofit public benefit corporation, for 55 years for the purpose of developing housing for very low income senior 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 9th and Jessie Streets, Assessor's Block 3508, Lot 51, San Francisco, California (the "Site") in the Mid-Market Redevelopment Survey Area (the "Survey Area") ("the Project" or "Property"), is a lot which currently is improved by a parking lot and two billboards, which may be converted to permanent, quality, affordable housing for Very Low Income households, as those terms are defined by the United States Department of Housing and Urban Development ("HUD"); and

WHEREAS, Mercy Housing California, a California nonprofit public benefit corporation ("Developer"), will develop and operate the Project as housing units for Very Low Income senior households and Mercy Housing California XVIII, L.P., a California Limited Partnership, an affiliate of the Developer entered into a Purchase and Sale Agreement with the current owners of the Project; and

WHEREAS, The Developer requested that the Agency assume the Developer's right to purchase the Property with the intention of leasing the land back to the Developer; and
WHEREAS, The Agency became 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 and the Mayor’s Office of Housing supplied additional predevelopment funding to the Project in order to investigate the economic feasibility of the Project and complete predevelopment activities; and

WHEREAS, The Developer shall leverage the City’s financial assistance through applications to the U.S. Department of Housing And Urban Development’s Section 202 Housing for the Elderly Program (“HUD 202”), California Debt Limit Allocation, and California Tax Credit Allocation Committees for additional Project funding; and

WHEREAS, The Agency and the Developer have entered into an option to ground lease agreement and intend to enter into a ground lease agreement (“the Ground Lease”), in which the Agency will lease the Property for One Dollar ($1.00) per year, in exchange for the Developer’s agreement, among other things, to operate the Project with rent levels affordable to Very 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 and remain in compliance with HUD 202 regulations and with rent levels affordable to Very Low Income Households; and

WHEREAS, Because the Property was 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 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, a California nonprofit public benefit corporation: (1) will provide housing for Very 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 Dollar ($1.00) per year for a period of fifty-five (55) years is necessary to achieve affordability for Very 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, a California nonprofit public benefit corporation, 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.

Supervisor Daly
Redevelopment Agency of the City and County of San Francisco

BOARD OF SUPERVISORS
Resolution approving the Redevelopment Agency of the City and County of San Francisco’s lease of land at Assessor’s Block 3508, Lot 51, commonly known as 9th Street and Jessie Street, San Francisco, California (the “Site”) in the Mid-Market Redevelopment Survey Area, to MERCY HOUSING CALIFORNIA, a California nonprofit public benefit corporation, for 55 years for the purpose of developing housing for very low income senior households.

May 10, 2005 Board of Supervisors — AMENDED
Ayes: 10 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, McGoldrick, Mirkarimi, Peskin, Sandoval
Absent: 1 - Maxwell

May 10, 2005 Board of Supervisors — ADOPTED AS AMENDED
Ayes: 10 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, McGoldrick, Mirkarimi, Peskin, Sandoval
Absent: 1 - Maxwell
I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on May 10, 2005 by the Board of Supervisors of the City and County of San Francisco.

Date Approved

Gloria L. Young
Clerk of the Board

Mayor Gavin Newsom