

1 [Ground Lease of Redevelopment Agency Land for Ocean Beach Apartments]

2
3 **Resolution approving the Redevelopment Agency of the City and County of San**
4 **Francisco's lease of land at Assessor's Block 1596, Lot 42, commonly known as 720 La**
5 **Playa Street, to Ocean Beach Apartments, L.P., for 50 years for the purpose of**
6 **preserving a housing development for very low and low income households.**

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

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

12 WHEREAS, The housing development located at Assessor's Block 1596, Lot 42, more
13 commonly known as 720 La Playa Street ("the Project"), has a soon-to-expire Section 8
14 contract and an FHA-insured mortgage eligible for prepayment; and

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

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

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

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

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

5 WHEREAS, The Developer has secured an allocation of Tax-Exempt Multi-family
6 Mortgage Revenue Bonds and 4% Low Income Tax Credits and this funding, together with the
7 Agency funding and the lease of the Property for a restricted rent, estimated to be \$334,688
8 will make it financially feasible for the Developer to preserve 85 dwelling units for occupancy
9 by Very Low and Low Income Households, as those terms are defined in California Health
10 and Safety Code Sections 50105 and 33334.2, respectively; and

11 WHEREAS, The Agency and Ocean Beach Apartments, L.P. intend to enter into a
12 ground lease ("the Ground Lease"), in which the Agency will lease the Property for Three
13 Hundred Thirty-Four Thousand Six Hundred and Eighty-Eight Dollars (\$334,688) per year, of
14 which \$15,000 is due and payable each year with the remainder payable to the extent income
15 exceeds operations, in exchange for the Developer's agreement, among other things, to
16 preserve the Project with rent levels affordable to Very Low and Low Income Households; and

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

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

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

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

6 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
7 does hereby find and determine that the lease of the Property from the Agency to Ocean
8 Beach Apartments, L.P., a California Limited Partnership: (1) will provide housing for Very
9 Low and Low Income Persons; (2) is consistent with the Agency's implementation plan
10 adopted pursuant to California Health and Safety Code Section 33490; (3) the less than fair
11 market value rent of approximately Three Hundred Thirty-Four Thousand Six Hundred and
12 Eighty-Eight Dollars (\$334,688) per year for a period of fifty (50) years is necessary to
13 effectuate the purposes of the Mayor's Affordable Housing Preservation Program; and (4) the
14 consideration to be received by the Agency is not less than the fair reuse value at the use and
15 with the covenants and conditions and developments costs authorized by the Ground Lease;
16 and, be it

17 FURTHER RESOLVED, That the Board of Supervisors hereby approves and
18 authorizes the Agency to execute the Ground Lease of the Property from the Agency to
19 Ocean Beach Apartments, L.P., substantially in the form of the Ground Lease lodged with the
20 Agency General Counsel, and to take such further actions and execute such documents as
21 are necessary to carry out the Ground Lease on behalf of the Agency.



City and County of San Francisco

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

Tails

Resolution

File Number: 011324

Date Passed:

Resolution approving the Redevelopment Agency of the City and County of San Francisco's lease of land at Assessor's Block 1596, Lot 42, commonly known as 720 La Playa Street, to Ocean Beach Apartments, L.P., for 50 years for the purpose of preserving a housing development for very low and low income households.

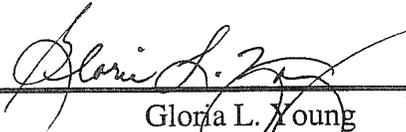
July 30, 2001 Board of Supervisors — ADOPTED

Ayes: 9 - Ammiano, Daly, Gonzalez, Hall, Leno, McGoldrick, Newsom, Peskin,
Yee

Absent: 2 - Maxwell, Sandoval

File No. 011324

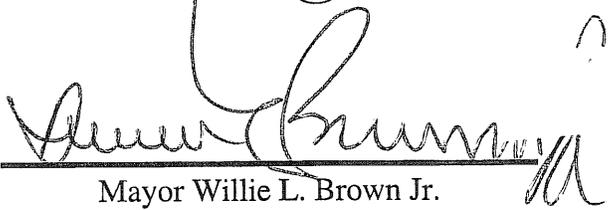
I hereby certify that the foregoing Resolution was ADOPTED on July 30, 2001 by the Board of Supervisors of the City and County of San Francisco.



Gloria L. Young
Clerk of the Board

AUG 10 2001

Date Approved



Mayor Willie L. Brown Jr.