

1 [Ground Lease of Redevelopment Agency Land for Mariposa Gardens Apartments.]

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3 **Resolution approving the Redevelopment Agency of the City and County of San**  
4 **Francisco’s lease of land at Assessor’s Block 4014, Lot 1, commonly known as 2445**  
5 **Mariposa Street, to Mariposa Gardens II, L.P., for 55 years for the purpose of preserving**  
6 **a housing development for very low and low income households.**

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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 4014, Lot 1, more  
13 commonly known as 2445 Mariposa Street (“the Project”), has a Section 8 contract; and,

14 WHEREAS, In order to preserve the long-term affordability of the Project, the Agency  
15 intends to become the owner of the land associated with the Project (“the Property”) located in  
16 the Mission neighborhood, and,

17 WHEREAS, Mariposa Gardens II, L.P., a California limited partnership (“Developer”) is  
18 an entity established to acquire and operate the Project as housing units for Very Low and  
19 Low Income Households and will become the owner of the improvements on the Property;  
20 and,  
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22 WHEREAS, A majority of the tenants at the Project have endorsed the acquisition of  
23 the Project as affordable housing; and,  
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1           WHEREAS, The Developer has applied to the Agency for funding to preserve the  
2 Project as affordable housing; and,

3           WHEREAS, In June 2003, the Developer's affiliate 480 Valencia, Inc., a California  
4 Limited Partnership ("the Sponsor") bought out its limited partners in anticipation of a future  
5 sale to a new limited partnership and to fund predevelopment activities, which initial action  
6 assured the long term affordability of the Development; and,

7           WHEREAS, The Developer has secured an allocation of 9% Low Income Tax Housing  
8 Credits and, together with the Agency funding and the lease of the Property for a restricted  
9 rent, estimated to be \$179,200 will make it financially feasible for the Developer to preserve  
10 63 dwelling units for occupancy by Very Low and Low Income Households, as those terms  
11 are defined in California Health and Safety Code Sections 50105 and 33334.2, respectively;  
12 and,

13           WHEREAS, The Agency and Mariposa Gardens II, L.P. intend to enter into a ground  
14 lease ("the Ground Lease"), in which the Agency will lease the Property for One Hundred  
15 Seventy Nine Thousand Two Hundred Dollars (\$179,200) per year, of which \$20,000 is due  
16 and payable each year with the remainder payable to the extent income exceeds operations,  
17 in exchange for the Developer's agreement, among other things, to preserve the Project with  
18 rent levels affordable to Very Low and Low Income Households; and,

19           WHEREAS, Although the Property could command a higher rent, leasing the Property  
20 for a rent in excess of the stated rent would render it financially infeasible to preserve the  
21 Project with rent levels affordable to Very Low and Low Income Households; and,  
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1           WHEREAS, Because the Property will be purchased with tax increment money,  
2 Section 33433 of the California Health and safety Code requires the Board of Supervisors'  
3 approval of its sale or lease, after a public hearing; and,

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

6           WHEREAS, The Agency prepared and submitted a report in accordance with the  
7 requirements of Section 33433 of the Health and Safety Code, including a copy of the  
8 proposed Ground Lease, and a summary of the transaction describing the cost of the Ground  
9 Lease of the Agency, the value of the property interest to be conveyed, the lease price and  
10 other information was made available for the public inspection; now, therefore, be it  
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12           RESOLVED, That the Board of Supervisors of the City and County of San Francisco  
13 does hereby find and determine that the lease of the Property from the Agency to Mariposa  
14 Gardens II, L.P., a California Limited Partnership: (1) will provide housing for Very Low and  
15 Low Income Persons; (2) is consistent with the Agency's implementation plan adopted  
16 pursuant to California Health and Safety Code Section 33490; (3) the less than fair market  
17 value rent of approximately One Hundred Seventy Nine Thousand Two hundred Dollars  
18 (\$179,200) per year for a period of fifty-five (55) years is necessary to effectuate the purposes  
19 of the Mayor's Affordable Housing Preservation Program; and (4) the consideration to be  
20 received by the Agency is not less than the fair reuse value at the use and with the covenants  
21 and conditions and developments costs authorized by the Ground Lease; and, be it  
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23           FURTHER RESOLVED, That the Board of Supervisors hereby approves and  
24 authorizes the Agency to execute the Ground Lease of the Property from the Agency to  
25 Mariposa Gardens II, L.P., substantially in the form of the Ground Lease lodged with the

1 Agency General Counsel, and to take such further actions and execute such documents as  
2 are necessary to carry out the Ground lease on behalf of the Agency.

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