

1 [Ground Lease of Redevelopment Agency Land for Maria Manor]
2 APPROVING THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF
3 SAN FRANCISCO'S LEASE OF LAND AT ASSESSOR'S BLOCK 326, Lot 10,
4 COMMONLY KNOWN AS 174 ELLIS STREET, TO THE MM PRESERVATION,
5 L.P., AN AFFILIATE OF THE TENDERLOIN NEIGHBORHOOD DEVELOPMENT
6 CORPORATION, FOR 50 YEARS FOR THE PURPOSE OF PRESERVING A
7 HOUSING DEVELOPMENT FOR VERY LOW AND LOW INCOME
8 HOUSEHOLDS.

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

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

13 WHEREAS, The housing development located at Assessor's Block 326, Lot 10,
14 more commonly known as 174 Ellis Street ("the Project"), has an expiring Section 8
15 contract and an FHA-insured mortgage eligible for prepayment; and

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

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

22 WHEREAS, MM Preservation, a California 501 (c) (3) Non-profit corporation
23 ("Developer") is an entity established to acquire and operate the Project as housing units
24 for Very Low and Low Income Households and will become the owner of the
25 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

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

3 WHEREAS, The Developer anticipates issuing tax exempt multifamily mortgage
4 revenue bonds and, this funding, the Agency funding and the lease of the Property for a
5 restricted rent, estimated to be two hundred and fifty thousand dollars per year
6 (\$250,000) will make it financially feasible for the Developer to preserve 119 dwelling
7 units for occupancy by Very Low and Low Income Households, as those terms are
8 defined in California Health and Safety Code Sections 50105 and 33334.2, respectively;
9 and

10 WHEREAS, The Agency and MM Preservation, intend to enter into a ground
11 lease (“the Ground Lease”), in which the Agency will lease the Property for two hundred
12 and fifty thousand dollars (\$250,000) per year, in exchange for the Developer’s
13 agreement, among other things, to preserve the Project with rent levels affordable to Very
14 Low and Low Income Households; and

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

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

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

24 WHEREAS, The Agency prepared and submitted a report in accordance with the
25 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 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

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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 MM Preservation, a California 501(c) (3) Non-profit corporation: (1) will provide housing for Very Low and Low Income Persons; (2) is consistent with the Agency's implementation plan adopted pursuant to California Health and Safety Code Section 33490; (3) the less than fair market value rent of approximately two hundred and fifty thousand dollars (\$250,000) per year for a period of fifty (50) years is necessary to effectuate the purposes of the Mayor's Affordable Housing Preservation Program; 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 MM Preservation, 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.



City and County of San Francisco

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

Tails

Resolution

File Number: 001877

Date Passed:

Resolution approving the Redevelopment Agency of the City and County of San Francisco's lease of land at Assessor's Block 326, Lot 10, commonly known as 174 Ellis Street, to the MM Preservation, L.P., an affiliate of the Tenderloin Neighborhood Development Corporation, for 50 years for the purpose of preserving a housing development for very low and low income households.

November 13, 2000 Board of Supervisors — ADOPTED

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

Absent: 1 - Yee

Excused: 1 - Becerril

File No. 001877

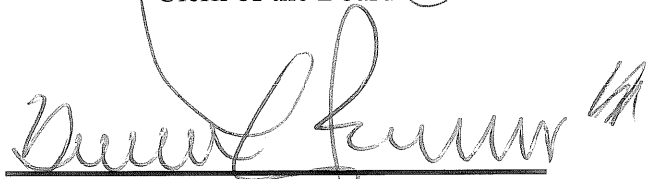
I hereby certify that the foregoing Resolution was ADOPTED on November 13, 2000 by the Board of Supervisors of the City and County of San Francisco.



Gloria L. Young
Clerk of the Board

NOV 23 2000

Date Approved



Mayor Willie L. Brown Jr.