Amendment of the Whole in Board

FILE NO. 031847 12/9/03  RESOLUTION NO. 787-03

[Ground Lease of Redevelopment Agency Land for Plaza Apartments.]

Resolution approving the Redevelopment Agency of the City and County of San Francisco's lease of land at Assessor's Block 3725, Lot 025, commonly known as 988-992 Howard Street, to Plaza Apartments Associates, L.P., a California Limited Partnership, 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 Assessor's Block 3725, Lot 025, more commonly known as 988-992 Howard Street ("the Property"), is 37-unit single room occupancy ("SRO") hotel with ground floor commercial which will be demolished to create 106-units of 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, Plaza Apartments Associates, L.P., a California Limited Partnership ("Developer"), is an entity established to acquire and operate the Project as housing units for Very Low Income households and intends to enter into a lease agreement with the Agency; and

WHEREAS, The Developer has applied to the Agency for assistance in funding the acquisition and construction of the Project in order to build one hundred six (106) affordable housing units for Very Low-Income households (the "Project"); and

Supervisor Gonzalez
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WHEREAS, the Agency intends to remain the owner of the land associated with the
Property in order to assist in the Project's construction and to ensure the long-term
affordability of the Project; and

WHEREAS, The Developer has leveraged the Agency's financial assistance through a
successful application to the California Tax Credit Allocation Committee for low income
housing tax credits; 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
Sixty Eight Thousand Dollars ($168,000.00) per year, subject to adjustment based upon an
appraisal every fifteen years, with $15,000 in base rent due and payable each year and with
the remainder payable to the extent income exceeds operating costs, 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 ground rent, leasing the
Property for a rent in excess of the stated rent would render it financially infeasible for the
Developer to operate the Project 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

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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 ground lease of the Property from the Agency to Plaza Apartments Associates, L.P., a California Limited Partnership: (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 rent of approximately One Hundred Sixty Eight Thousand Dollars ($168,000.00) per year, as adjusted by reappraisal every fifteen years, 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 Plaza Apartments Associates, 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.

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December 9, 2003 Board of Supervisors — AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE
Ayes: 8 - Ammiano, Dufty, Gonzalez, Hall, Ma, Maxwell, McGoldrick, Peskin
Absent: 1 - Sandoval
Excused: 2 - Daly, Newsom

December 9, 2003 Board of Supervisors — ADOPTED AS AMENDED
Ayes: 8 - Ammiano, Dufty, Gonzalez, Hall, Ma, Maxwell, McGoldrick, Peskin
Absent: 1 - Sandoval
Excused: 2 - Daly, Newsom
I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on December 9, 2003 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

Mayor Willie L. Brown Jr.