



# SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET, SAN FRANCISCO, CA 94102 415 554-1200

DATE: October 22, 2009

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

PRESENTED BY: Barbara T. Smith, Housing Development Administrator

SUBJECT: RESOLUTION APPROVING THE TRANSFER OF PARTNERSHIP INTEREST OF THE ROSA PARKS ANNEX BORROWER, ROSA PARKS II, L.P. PURSUANT TO THE TERMS OF THE ROSA PARKS ANNEX GROUND LEASE

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## SUMMARY

Due to organizational changes, Citizens Housing Corporation (CHC) has requested that the corporation's affiliate withdraw from the Rosa Parks II, L.P and that Tenderloin Neighborhood Development Corporation (TNDC) enter the partnership. The Mayor's Office of Housing has requested that the Authority approve this request quickly so that TNDC, the new general partner will be able to apply for Section 202 funding in early November.

In February, 2009, the Authority entered into a Ground Lease and related agreements with the Rosa Parks II, L.P. for development of 100 units of housing for senior and disabled households on surplus underutilized property at the Rosa Parks public housing site. In consideration of leasing this parcel, Citizens Housing Corporation, the general partner, made a capitalized ground lease payment to the Authority in the total amount of \$4,959,000 with proceeds of a City Loan.

Through this change in partnership, TNDC is assuming responsibility for developing the Rosa Parks Annex housing. TNDC is also contacting Bethel A.M.E. to continue their involvement with the project. Section 2.9 of the Ground Lease provides for transfer of partnership interest of the borrower, the Rosa Parks II, L.P., with approval of the Authority and HUD. Staff is in the process of securing HUD approval for this change.

TNDC has developed 30 projects since its founding in 1981 and they currently own and manage nearly 2,000 units of affordable housing with several hundred units in their development pipeline. With over 600 of their units reserved for occupancy by seniors, they have extensive experience managing and providing services to the population that will be occupying Rosa Parks Annex. The TNDC staff currently totals 240 and they have an annual budget of nearly \$25 million.

This Commission approval does not change any of the requirements for the Rosa Parks Annex development that will house approximately 100 senior and disabled households. The twenty-

eight existing parking spaces will be replaced on the Turk Street side of the building where they are currently located and twelve additional permanent parking spaces will be created on the Golden Gate side of the property for residents during construction and the Authority after construction. Additional temporary parking will be created on the Golden Gate side of the property during construction.

#### **SCHEDULE**

- Submit HUD Section 202 Application - November 2009
- HUD 202 Award - August 2010
- Submit Federal Home Loan Board Affordable Housing Program Application – October 2010
- Submit 4% Tax Credit Application – March 2011
- Submit Permanent Loan Application to Mayor’s Office of Housing (MOH) – March 2011
- Select Tax Credit Investor and Construction Lender – March 2011
- Submit CDLAC Tax Exempt Bond Application – April 2011
- 4% Tax Credit Award – June 2011
- Permanent Loan Commitment from MOH – June 2011
- Start Construction – November 2011
- Complete Construction – January 2013
- Start Tenant Lease-up – February 2013
- Complete Tenant Lease-up – July 2013

#### **RESIDENT HIRING**

This change in partnership structure does not change the Authority’s requirement that the SA Parks II, L.P. hire residents for a minimum of 25% of the total workforce hours for all contractor and subcontractor contracts for the Rosa Parks Annex housing.

#### **MBE/WBE**

This change in partnership structure does not change the Authority’s requirement that the Rosa Parks II, L.P. shall ensure, to the greatest extent possible, a twenty percent (20%) aggregate involvement of MBE/WBE’s in construction contracts and procurement activities, by dollar volume.

#### **FINANCIAL IMPACT**

Adoption of this resolution has no financial impact.

#### **DEPARTMENT’S REQUESTED ACTION**

Staff recommends adoption of the Resolution.

#### **EXECUTIVE DIRECTOR’S RECOMMENDATIONS**

I concur with the requested action.

RESOLUTION NO. \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

RESOLUTION APPROVING THE TRANSFER OF PARTNERSHIP INTEREST OF THE  
ROSA PARKS ANNEX BORROWER, ROSA PARKS II, L.P. PURSUANT TO THE TERMS  
OF THE ROSA PARKS ANNEX GROUND LEASE

WHEREAS, an underutilized portion of the Rosa Parks site (CAL 1-17) has been identified as a high priority for development of housing in every San Francisco Housing Authority ("Authority") Comprehensive Physical Needs Assessment and PHA Plan since Fiscal Year 1999; and

WHEREAS, on November 10, 2005, the Authority Commission adopted Resolution Number 5238 authorizing the Executive Director to negotiate an Exclusive Negotiating Rights Letter Agreement ("ENRA") with Citizens Housing Corporation ("CHC") for a Ground Lease (the "Lease") for the construction of up to 100 affordable apartments for senior and disabled households on a portion of the Rosa Parks senior housing site ("Rosa Parks II"); and

WHEREAS, the ENRA was negotiated and signed by CHC and the Authority on September 20, 2006, the Commission approved the Term Sheet and the Option to Lease Agreement on May 7, 2007, and approved an amendment to the ENRA on March 20, 2008 and a second amendment to the ENRA on May 29, 2008; and

WHEREAS, CHC secured a predevelopment loan from the City and County of San Francisco (the "City") in the amount of Five Million Five Hundred and Twelve Thousand Dollars (\$5,512,000) (the "City Loan"), a portion of which was used to make an option payment of \$2,000,000 and a capitalized ground lease payment in the amount of Two Million Nine-Hundred Fifty-Nine Thousand Dollars (\$2,959,000) funded from the proceeds of a City Loan in January 2009; and

WHEREAS, pursuant to an Assignment and Substitution Agreement and First Amendment to Agreement of Limited Partnership dated as of March 9, 2009: (i) Stevenson assigned its general partner interest in the Partnership to Citizens and Citizens accepted the assignment of Stevenson as general partner interest in the Partnership and (ii) Citizens assigned its limited partner interest in the Partnership to Fireside and Fireside accepted the assignment of Citizen's limited partner interest in the Partnership; and

WHEREAS, Citizens now proposes that, pursuant to a Second Amendment to Agreement of Limited Partnership, Turk will be admitted to the Partnership as a co-general partner and Taylor as will be admitted to the Partnership as an additional limited partner; and

WHEREAS, the parties desire to further amend the Partnership Agreement to provide for the withdrawal of Citizens as a general partner and the withdrawal of Fireside as a limited partner, subject to and in accordance with the terms spelled out in the Third Amendment to Agreement of Limited partnership of Rosa Parks II, L.P.; and

WHEREAS, the Authority is requesting that HUD approve the amended Rosa Parks II Disposition Application to reflect these changes; and

WHEREAS, this Resolution approves the transfer of partnership interest of the borrower, Rosa Parks II, L.P. pursuant to the Section 2.9 of the Rosa Parks Annex Ground Lease.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, THAT:

1. The above recitals are accurate and have served, together with the staff report, as the basis for the approvals set forth below.
2. The Commission approves transfer of partnership interest of the Rosa Parks Annex borrower, Rosa Parks II, L.P. pursuant to the terms of the Rosa Parks Annex Ground Lease.
3. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

REVIEWED BY:

\_\_\_\_\_  
TIM LARSEN  
Assistant General Counsel

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HENRY A. ALVAREZ, III  
Executive Director

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_