

RESOLUTION NO. 1955

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE CITY OF RICHMOND HOUSING AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN OPTION TO LEASE AGREEMENT WITH MERCY HOUSING INC. TO COMPLETE FINANCING AND REHABILITATION EFFORTS OF THE HACIENDA PUBLIC HOUSING SITE AS PART OF THE NYSTROM VILLAGE NEIGHBORHOOD REVITALIZATION PROJECT

WHEREAS, the Authority's selection panel selected The Related Companies of California, LLC/Mercy Housing California/Community Housing Development Corporation ("Related Team") as the number one candidate in May 2009 under its Developer RFQ procurement process for the Nystrom Village Neighborhood Revitalization Project (Nystrom Village); and

WHEREAS, on May 19, 2009, the Board of Commissioners authorized the Executive Director, under resolution 1930b to initiate negotiations with the Related Team to establish agreement on general project terms; and

WHEREAS, on July 27, 2010, the Board of Commission approved Resolution 1942 authorizing the Executive Director of the Authority to execute an Exclusive Negotiating Rights Agreement ("ENRA") and Predevelopment Cost Sharing Agreement ("PCSA") with the development team of Related, Mercy Housing and CHDC North Richmond, to become the Master development partners for the Nystrom Village Neighborhood Revitalization project; and

WHEREAS, the Housing Authority has worked diligently with the master development partners to craft development programs for the Nystrom Village and Hacienda Public Housing sites; and

WHEREAS, on June 14, 2011, the Department of Housing and Community Development("HCD") has issued a Notice of Funding Availability("NOFA") for Multifamily Housing Program ("MHP") funds with an application due date of August 31, 2011; and

WHEREAS, the Authority and its development team has determined that the funding is ideal for the Hacienda senior/disabled project with Mercy Housing Inc as the lead developer; and

WHEREAS, Mercy Housing Inc. will apply for MHP funding in the approximate amount of \$7.1 million dollars; and

WHEREAS, the NOFA requires projects to have a Option to Lease Agreement and /or a Ground Lease Agreement to score maximum points on site ownership; and

WHEREAS, the Option to Lease Agreement will be for a term the earlier of 18 months or when all project financing is complete with a one year extension as necessary to complete the project; and

WHEREAS, if all provisions of the Option to Lease Agreement are met, the Authority will execute a Ground Lease Agreement with Mercy Housing Inc. or the Partnership affiliate for the Hacienda project with an overall target payment to the Authority not less than \$1.5 million dollars in upfront and surplus cash payments subject to final negotiations after all project financing has been determined; and

WHEREAS, if advantageous to the Authority, the Option to Lease may be designated an Option to Lease and Purchase having similar terms, potentially making the Development eligible for additional tax credits while ensuring that the improvements as well as the land revert to the Authority at the end of the Lease term:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CITY OF RICHMOND HOUSING AUTHORITY, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, THAT:

The Executive Director is authorized to execute an Option to Lease Agreement with Mercy Housing Inc. to complete financing and rehabilitation efforts of the Hacienda Public Housing site as part of the Nystrom Village Neighborhood Revitalization Project.

The Executive Director is authorized to pursue all actions required to submit the MHP application, including, but not limited to, establishing acceptable upfront and surplus cash payment terms in the Option and Ground lease Agreements, designating the option as an Option to Lease and Purchase having similar terms, and executing such documents as may be necessary, all in the best interest of the Authority.

The Executive Director is authorized to pursue all action required to undertake the foregoing resolution.

The foregoing resolution was passed and adopted by the Commissioners of the Housing Authority of the City of Richmond at a special meeting thereof held on July 26, 2011, by the following vote:

AYES: Commissioners Bates, Beckles, Booze, Ritterman, Rogers, Vice Chairperson Butt, and Chairperson McLaughlin.
NOES: None.
ABSTENTIONS: None.
ABSENT: None.

GAYLE MCLAUGHLIN
Chairperson

[SEAL]

ATTEST:

DIANE HOLMES
Secretary

Approved as to form:

RANDY RIDDLE
Attorney

State of California }
County of Contra Costa : ss.
City of Richmond }

I certify that the foregoing is a true copy of **Resolution No. 1955** finally passed and adopted at a Special Housing Authority Meeting held on July 26, 2011.