

RESOLUTION NO. 7-2007

Adopted February 6, 2007

AUTHORIZING AN AMENDED AND RESTATED TAX INCREMENT LOAN AGREEMENT, AN AMENDED AND RESTATED HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS LOAN AGREEMENT AND A FIRST AMENDMENT TO THE HAZARDOUS MATERIALS LOAN PROMISSORY NOTE WITH MERCY HOUSING XX, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO ALLOW FOR PERMANENT FUNDING FROM THE STATE HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT MULTIFAMILY HOUSING PROGRAM, ALL IN CONJUNCTION WITH THE DEVELOPMENT OF 139 UNITS OF VERY LOW INCOME SENIOR RENTAL HOUSING AT THE MISSION CREEK SENIOR COMMUNITY, 201 BERRY STREET; MISSION BAY NORTH REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq., the "Law"), the Redevelopment Agency of the City and County of San Francisco (the "Agency") undertakes programs for the reconstruction and rehabilitation of slums and blighted areas in the City and County of San Francisco (the "City").
2. Pursuant to a Request for Qualifications ("RFQ"), Mercy Housing California, a California public benefit nonprofit corporation (the "Developer"), was selected to construct 139 units of affordable housing, supportive services space and a public library (the "Project") at 201 Berry Street.
3. On September 16, 2003, the Agency Commission approved the following loans and bonds in connection with the development of the Project: (a) by Resolution No. 148-2003, a Tax Increment Loan; (b) by Resolution No. 146-2003, a Housing Opportunities for Persons with AIDS ("HOPWA") Loan; (c) by Resolution No. 148-2003, a Hazardous Materials Loan; and (d) on July 9, 2002, by Resolution No. 133-2002, an expression of intent to issue \$23,000,000 in tax-exempt mortgage revenue bonds to provide permanent and construction financing for the Project. The Agency issued the bonds on November 18, 2003, following a bond allocation award of up to \$23,000,000 from the California Debt Limit Allocation Committee. The Developer also secured a 4% tax credit allocation from the California Tax Credit Allocation Committee.
4. On November 18, 2003, by Resolution No. 167-2003, the Agency Commission also authorized a Ground Lease to lease the land back to the Developer in order to operate the site as a 139 unit very-low income rental facility with supportive

services, retail and associated parking. The Developer completed construction of the Project in accordance with the Agency loan documents and ground lease.

5. Recently, the Developer applied for and received a permanent loan in the amount of \$7,500,000 from the State of California's Multifamily Housing Program ("MHP"). In order to comply with MHP regulations several modifications to the Agency's loan documents and ground lease need to be made. In addition, MHP requires the Agency to execute a lease rider to the ground lease which will give MHP certain cure rights in the event of a default by the Developer. Without these minor modifications and execution of the lease rider, the Developer would be ineligible to receive the MHP funding.
6. The Developer is requesting minor modifications to the Tax Increment Loan Agreement and related Promissory Note, the HOPWA Loan Agreement and related Promissory Note and the Hazardous Materials Loan Promissory Note in order to comply with MHP's requirements.
7. Agency staff has reviewed the proposed modifications to the Agency loan documents and recommends the Agency Commission's approval of the Amended and Restated Tax Increment Loan Agreement and related Promissory Note; the Amended and Restated Housing Opportunities for Persons with AIDS Loan Agreement and related Promissory Note and the First Amendment to the Hazardous Materials Loan Promissory Note, all substantially in the form lodged with the Agency General Counsel.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute with Mercy Housing California XX, L.P., a California limited partnership: (a) an Amended and Restated Tax Increment Loan Agreement and related Promissory Note, (b) an Amended and Restated Housing Opportunities for Persons with AIDS Loan Agreement and related Promissory Note and (c) a First Amendment to the Hazardous Materials Loan Promissory Note, all substantially in the form lodged with the Agency General Counsel; and to enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

APPROVED AS TO FORM:


James B. Morales 2/1/07
Agency General Counsel