

RESOLUTION NO. 90-2007

Adopted August 21, 2007

AUTHORIZING A FIRST AMENDMENT TO THE LEASE OPTION AGREEMENT WITH WEST BAY HOUSING CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, AND SATELLITE HOUSING, INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, TO EXTEND THE TERM FOR 15 MONTHS TO NOVEMBER 28, 2008, FOR THE DEVELOPMENT OF VERY LOW-INCOME RENTAL HOUSING ON CENTRAL FREEWAY PARCEL Q, SOUTHWEST CORNER OF OCTAVIA BOULEVARD AND OAK STREET; CITYWIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

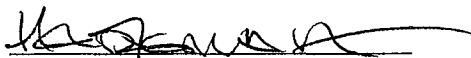
1. On November 19, 2004, the Redevelopment Agency of the City and County of San Francisco ("Agency") purchased Central Freeway Parcel Q from the City and County of San Francisco for the express purpose of developing affordable housing.
2. On September 9, 2005, the Agency issued a Request for Proposals ("RFP") for the construction, ownership, and operation of 15 units of affordable housing for disabled individuals and their families on Central Freeway Parcel Q. The RFP sought high-quality proposals from experienced development teams comprised of a developer, architect, service provider and property manager.
3. Two development teams submitted proposals, both of which met the minimum requirements defined in the RFP. An interdisciplinary evaluation panel ("Evaluation Panel") reviewed the proposals and interviewed the development teams. The teams then presented their proposals at a public town hall meeting on February 7, 2006.
4. The Evaluation Panel determined that the submittal presented by the joint-venture team of West Bay Housing Corporation, a California nonprofit public benefit corporation, and Satellite Housing, Inc., a California nonprofit public benefit corporation (together, "West Bay/Satellite" or "Developer"), offered the best development program for Central Freeway Parcel Q.
5. The Developer intends to construct approximately 15 affordable housing units (including one manager's unit) for very low-income developmentally disabled adults who are at or below 50 percent of Area Median Income ("Project"), pursuant to the U.S. Department of Housing and Urban Development's ("HUD") Section 811 project guidelines, as the Developer applied for and received HUD Section 811 financing for the Project in November 2006.

6. On May 16, 2006, the Commission authorized: (1) a Regulatory and Grant Agreement in an amount not to exceed \$2,035,691 in permanent financing to make the Project financially feasible, as well as to pay for predevelopment and ultimately construction expenses; (2) a Tax Increment Loan in an amount not to exceed \$1,922,162 for construction bridge loan funds to eliminate construction interest costs (which funds will be repaid at the end of the construction period as the Developer also applied for and received a State of California's Multifamily Housing Program ("MHP") award for permanent financing in an amount equal to the Tax Increment Loan); and (3) a Lease Option Agreement which demonstrated site control which was a requirement for the successful application to the HUD Section 811 Program.
7. Currently, the Developer is requesting a First Amendment to the Lease Option to extend the term by 15 months to November 28, 2008, to continue to demonstrate site control to HUD.
8. The First Amendment to the Lease Option for the development of very low-income rental housing on Central Freeway Parcel Q does not constitute a project as defined by the California Environmental Quality Act ("CEQA") (Section 15378(b)(5)). Extending the term of the Lease Option will not independently result in a physical change in the environment and is not subject to environmental review under CEQA.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to enter into a First Amendment to the Lease Option with West Bay Housing Corporation, a California nonprofit public benefit corporation, and Satellite Housing, Inc., a California nonprofit public benefit corporation, to extend the term by 15 months to November 28, 2008, for the development of very low-income rental housing on Central Freeway Parcel Q, southwest corner of Octavia Boulevard and Oak Street, substantially in the form lodged with the Agency General Counsel; Citywide Tax Increment Housing Program.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel