

RESOLUTION NO. 111-2008

Adopted September 16, 2008

AUTHORIZING AN AMENDED AND RESTATED LOAN AGREEMENT WITH HUNTERS VIEW ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO INCREASE THE LOAN BY AN AMOUNT NOT TO EXCEED \$8,647,231 FOR PHASE I PREDEVELOPMENT AND CONSTRUCTION OF THE VERY LOW-INCOME RENTAL UNITS AT THE HUNTERS VIEW HOUSING DEVELOPMENT AT MIDDLE POINT AND WEST POINT ROADS, FOR AN AGGREGATE LOAN AMOUNT NOT TO EXCEED \$10,676,978 AND MAKING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA (AREAS A AND B)

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") is authorized by the California Community Redevelopment Law (Health and Safety Code, Section 33000 et seq.), to distribute monies from its Tax Increment Affordable Housing Fund to developers for the specific purpose of increasing and maintaining the housing stock in the City and County of San Francisco (the "City") affordable by very low-, low-, and moderate-income households.
2. The Hunters View site is an approximately 21 acre site currently improved with 267 housing units generally known as 227-229 West Point Road (Block 4624, Lots 3, 4 & 9 and Block 4720, Lot 27, collectively referred to as the "Site"), located in Areas A and B of the Bayview Hunters Point Redevelopment Project Area, which is owned and operated by the San Francisco Housing Authority ("SFHA"). A portion of the Site, consisting of an approximately 1.65 acre parcel (Block 4720, Lot 27, hereafter the "Agency Parcel"), is owned by the Agency.
3. In 2003, SFHA (owner and operator of the 267 existing Hunters View rental units) issued a Request for Qualifications for a developer to redevelop the Hunters View public housing property, a severely distressed site that could not feasibly be rehabilitated.
4. In August 2005, SFHA selected the development team known as the Hunters View Community Partners, the predecessor-in-interest to Hunters View Associates, L.P., a California limited partnership (the "Borrower").
5. The Borrower's general partners are the managing general partners, The John Stewart Company, a California corporation, and two co-general partners, Devine and Gong, Inc., a California corporation, and Hunters Point Affordable Housing, Inc., a California nonprofit public benefit corporation which is a wholly owned

subsidiary of the Ridge Point Non-Profit Housing Corporation, also a California nonprofit public benefit corporation.

6. The Borrower will demolish the existing 267 housing units and develop the Site in three phases. Upon completion, the Site will contain the following potential unit mix: (a) 267 housing units that will replace all of the existing 267 housing units and will be rented to low-income households; (b) approximately 83 units will be constructed for rent to low-income tenants (collectively referred to as "Very Low-Income Rental Units"); (c) approximately 58 units will be constructed for sale to first-time homebuyers in accordance with the Agency's Limited Equity Homeownership Program ("Low and Moderate-Income Homeownership Units"); and (d) approximately 17-20 units that may be constructed by Habitat for Humanity San Francisco, (collectively the "Project"). Borrower also intends to construct approximately 315 new housing units to be sold at market rates, which are not considered to be part of the Project for the purpose of the predevelopment loan requested by Borrower.
7. Borrower intends to work with SFHA to subdivide the Site into numerous lots for transfer of lots in fee or by ground lease to facilitate the financing and development of the residential components described in Recital 6 above.
8. If authorized by the Agency, the Agency Parcel will be conveyed to either SFHA for conveyance to the Borrower or directly to the Borrower for development in connection with the Project, subject to the Borrower's successful completion of conditions precedent to such disposition to be hereafter specified by the Agency.
9. Borrower has previously obtained a loan pursuant to the Loan Agreement (City and County of San Francisco Home Program) between the Borrower and the City and County of San Francisco dated as of March 8, 2007, in the amount of Five Hundred Ninety-Seven Thousand Nine Hundred Dollars (\$597,900) for certain Project predevelopment costs, including the conceptual design and engineering studies for the Project and Borrower has also secured a recoverable grant from the Local Initiatives Support Coalition in the amount of Fifty Thousand Dollars (\$50,000) for the Project.
10. On September 18, 2007, pursuant to Resolution No. 100-2007, the Agency Commission authorized an unsecured predevelopment loan in the amount of \$1,500,000 to undertake design development, environmental, entitlements and construction activities related to Master Planning of the Project, to be repaid when permanent financing is obtained for any portion of the Project.
11. On December 7, 2007, the Citywide Loan Committee, as part of the HOPE SF Program, approved a predevelopment loan in the amount of \$1,500,000 for Master Planning of the Project.
12. On May 6, 2008, pursuant to Resolution No. 42-2008, the Agency Commission authorized an additional predevelopment loan in an amount not to exceed \$1,904,679 for Phase I of the Project, in order to undertake Phase I schematic design development, apply for entitlements and permits and related Phase I tasks.

13. The Phase I Predevelopment Loan provided funding for predevelopment activities for the Affordable Rental Units and the Affordable Homeownership Units.
14. The Affordable Rental Units and the Affordable Homeownership Units require two different ownership entities; and the Phase I Predevelopment Loan amount needs to be allocated between the Affordable Rental Units and the Affordable Homeownership Units, so that the appropriate amount of predevelopment financing can be reflected in the new Construction Loan Agreements. Therefore, of the \$1,904,679 Phase I Predevelopment Loan, \$1,529,747 shall be allocated to the Affordable Rental Units.
15. The Borrower is now requesting additional loan funds not to exceed \$8,647,231 in Phase I Predevelopment and Construction Loan funds, for a total aggregate amount not to exceed \$10,676,978 for Affordable Rental Units at Hunters View.
16. Of the \$8,647,231 in this current request, \$3,000,000 will fund the replacement public housing units at Hunters View and was part of the Fiscal Year ("FY") 2008-2009 Budget in order to offset shortfalls within the City's General Fund. These funds are subject to sale of FY 08/09 Tax Increment Bonds and are anticipated to become available to the Project in December 2008.
17. Based on the analysis contained in the Final Environmental Impact Report for the Hunters View Redevelopment Project ("FEIR"), and the findings pursuant to the California Environmental Quality Act ("CEQA") adopted by the San Francisco Planning Commission ("Planning Commission") on June 12, 2008, in Motion No. 17618, and in Motion No. 17617 certifying the FEIR, and in Motion No. 17621 approving the conditional use authorization for the Project and establishing a Mitigation Monitoring Program that attaches mitigation measures identified in the FEIR to the conditional use authorization, Agency staff requests that the Agency Commission adopt findings in accordance with CEQA that the Amended and Restated Loan Agreement for Phase I Predevelopment and Construction of the Very Low-Income Rental Units is an Implementing Action for the construction of the Project, pursuant to the approvals granted by the Planning Commission. Staff, in making the necessary findings for the Implementing Action contemplated herein, considered and reviewed the FEIR. Documents related to the Implementing Action and the FEIR have been and continue to be available for review by the Agency Commission and the public and are part of the record before the Agency Commission.

FINDINGS

1. The Agency Commission hereby finds that the approval of the Amended and Restated Loan Agreement for Very Low-Income Rental Units and the use of funds for the development of very low-income rental housing will be of benefit to the Bayview Hunters Point Redevelopment Project Area (the "Project Area").

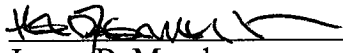
2. The Agency Commission hereby further finds and determines that the Amended and Restated Loan Agreement is an Implementing Action for the construction of the Project pursuant to the approvals granted by the Planning Commission and requires no additional environmental review pursuant to State CEQA Guidelines Section 15096 for the following reasons:
 - a. The Implementing Action will not change the scope of the Project analyzed in the FEIR and no major revisions are required due to the involvement of new significant environmental effects or a substantial increase in the severity of significant effects previously identified in the FEIR.
 - b. No substantial changes have occurred with respect to the circumstances under which the Project analyzed in the FEIR was undertaken that would require major revisions to the FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR.
 - c. No new information of substantial importance to the Project analyzed in the FEIR has become available that would indicate that (a) the Implementing Action will have significant effects not discussed in the FEIR; (b) significant environmental effects will be substantially more severe; (c) mitigation measures found not feasible that would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives that are considerably different from those in the FEIR will substantially reduce one or more significant effects on the environment.
3. The Agency Commission hereby further finds, pursuant to State CEQA Guidelines Section 15091, that the FEIR and Planning Commission Motions No. 17617, 17618 and 17621 were and remain adequate, accurate and objective and are applicable to the Implementing Action.
4. The Agency Commission hereby declares the following Statement of Overriding Considerations, pursuant to CEQA Guidelines Sections 15096(h) and 15093:
 - a. As detailed in Planning Commission Motion No. 17618, that the Project will contribute to a significant and unavoidable project specific transportation impact at Third Street/Evans Avenue and significant and unavoidable Year 2025 cumulative transportation impacts at five intersections, including the intersections of Third Street/Evans Avenue, Third Street/25th Street, Third Street/Cesar Chavez Street, Illinois Street/Cargo Way/Amador Street, and Middlepoint Road/Evans Avenue.
 - b. The following specific overriding economic, legal, social, and other considerations outweigh the identified significant effects on the environment:

- i. Project implementation will alleviate blight and encourage revitalization of the Project Area.
 - ii. Project implementation will improve residential conditions and encourage residential activity through the creation, retention and rehabilitation of housing affordable by very low-income, low-income, and moderate-income persons and families.
 - iii. Project implementation will promote the one-for-one replacement of 267 units of public housing.
 - iv. Project implementation will help address the City's housing shortage.
 - v. Project implementation will promote development of neighborhood-serving retail space that will lead to increased business activity in the Project Area.
 - vi. Project implementation will lead to improved housing opportunities and economic conditions in the Project Area.
 - vii. Project implementation will promote enhanced quality of life in the Project Area.
 - viii. Project implementation will promote enhanced social services for Project residents.
 - ix. Project implementation will enhance the infrastructure in the Project Area.
 - x. The Project will create hundreds of construction jobs over the next six to eight years.
 - xi. The Project will be the pilot project for the HOPE SF Program.
5. Having considered these Project benefits, the Agency finds that the Project's benefits outweigh the unavoidable adverse environmental effects, and that the adverse environmental effects are therefore acceptable.
6. The Agency Commission hereby further finds that, based on the FEIR and Planning Commission Motions No. 17617, 17618 and 17621, all other impacts of the Project would either be less than significant or could be mitigated to less than significant levels, with implementation of the Mitigation Monitoring Program.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that (1) it has reviewed and considered the Final Environmental Impact Report and hereby adopts the CEQA findings set forth herein and (2) the Executive Director is authorized to execute and implement an Amended and Restated Tax Increment Loan Agreement with Hunters View Associates, L.P., a California limited partnership, to increase the loan by an amount not to exceed \$8,647,231 for the Phase I predevelopment and construction costs, for an aggregate loan amount not to exceed \$10,676,978 for very low-income rental housing at Hunters View located at Middle Point and West Point Roads (Block 4624, Lots 3, 4 & 9 and Block 4720, Lot 27), substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel