

RESOLUTION NO. 113-2008

Adopted September 16, 2008

EXPRESSING THE INTENT OF THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO TO ISSUE MULTIFAMILY MORTGAGE REVENUE BONDS IN ONE OR MORE SERIES IN AN AMOUNT NOT TO EXCEED \$35,000,000 TO FINANCE THE CONSTRUCTION OF THE HUNTERS VIEW DEVELOPMENT LOCATED AT MIDDLE POINT AND WEST POINT ROADS, BLOCK 4624, LOTS 3, 4 & 9 AND BLOCK 4720, LOT 27, AND MAKING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREAS A AND B; AGENCY CITYWIDE AFFORDABLE HOUSING PROGRAM

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") is a public body organized and existing pursuant to California Health and Safety Code Section 33000, *et seq.*, (the "Redevelopment Law") and is authorized by Chapter 8, beginning at California Health and Safety Code Section 33750, of the Redevelopment Law to finance residential construction and to issue mortgage revenue bonds to pay the cost of financing such residential construction.
2. The Hunters View site consists of an approximately 21 acre site currently improved with 267 public housing units located in Area B of the Bayview Hunters Point Redevelopment Project Area, generally known as 227-229 West Point Road (Block 4624, Lots 3, 4 & 9), which is owned and operated by the San Francisco Housing Authority (the "Housing Authority Site").
3. In 2003, the San Francisco Housing Authority ("SFHA"), (owner and operator of the Site), 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. In August 2005, SFHA selected the development team known as Hunters View Community Partners, the predecessor-in-interest to Hunters View Associates, L.P., a California limited partnership (the "Developer" or the "Borrower").
4. The Agency owns Block 4720, Lot 27 (also known as Agency Parcel AA-3), an approximately 1.65 acre parcel adjacent to the Housing Authority Site (the "Agency Parcel"). The Agency Commission must authorize the conveyance or lease of the Agency Parcel to either SFHA for conveyance to the Borrower or directly to the Borrower, and such authorization will be subject to the Borrower's successful completion of conditions precedent to such disposition to be hereafter specified by the Agency. The Housing Authority Site and the Agency Parcel are collectively referred to as the "Site."

5. Developer will demolish the existing Hunters View improvements in approximately three phases and construct approximately 741 new residential units currently envisioned to include the following components: (i) 267 replacement public housing rental units, (the "Replacement Units"), (ii) approximately 83 new rental units affordable to very low-income households earning no more than 50% percent of Area Median Income adjusted solely for household size, and (iii) approximately 59 new below market for-sale units to be sold to first-time homebuyers, with an average affordability of 80% of Area Median Income (collectively the "Project"), that may also include 17 new below market rate for-sale units that may be developed by Habitat for Humanity San Francisco and may be subject to the Agency's shared appreciation requirements.
6. Developer will also develop approximately 315 new market rate for-sale units ("Market Rate Units") on the Site. The sale of such new Market Rate Units is intended to provide a partial subsidy to defray a portion of the cost of developing the Replacement Units.
7. Developer intends to work with SFHA to subdivide the Housing Authority 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 Recitals 5 and 6 above.
8. Developer has previously obtained a loan pursuant to the Loan Agreement (City and County of San Francisco Home Program) between the Borrower and the City 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. In addition, pursuant to Resolution No. 100-2007, dated September 18, 2007, Developer executed a Predevelopment Loan Agreement with the Agency for an amount not to exceed \$1,500,000 for costs associated with Master Planning Predevelopment tasks (the "Initial Loan Agreement") for all three Project phases and, pursuant to Resolution No. 42-2008, dated May 6, 2008, Developer executed a First Amendment to the Predevelopment Loan Agreement with the Agency for an amount not to exceed \$1,904,679, for an aggregate loan amount not to exceed \$3,404,679 for costs associated with Master Planning of all Phases and Phase I Predevelopment tasks. Furthermore, Developer has secured \$1,500,000 in Phase I Predevelopment funds from the City of San Francisco's HOPE SF Program, and a recoverable grant from the Local Initiatives Support Coalition in the amount of Fifty Thousand Dollars (\$50,000) for the Project.
9. Concurrently with the Resolution, the Agency Commission is considering two other actions related to the Project: an increase in the loan amount for the rental portion of Phase I of the Project, pursuant to Resolution No. 211-2008 and an increase in the loan amount for the homeownership portion of Phase I of the Project, pursuant to Resolution No. 212-2008.

10. The Agency now wishes to issue and sell its mortgage revenue bonds pursuant to the Redevelopment Law in an amount not to exceed Thirty Five Million Dollars (\$35,000,000) to finance a portion of the costs of construction of the Project.
11. United States Treasury Regulations Section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, one of which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer declares an intention to reimburse such expenditure.
12. The Developer has incurred and expects to incur certain expenditures in connection with the Project.
13. The Agency and the Developer wishes to ensure compliance with United States Treasury Regulations Section 1.150-2.
14. It is in the public interest and for the public benefit that the Agency declares its official intention, within the meaning of United States Treasury Regulations Section 1.150-2, to reimburse expenditures for the Project with the proceeds of the issuance of bonds.
15. The issuance of the bonds on a tax-exempt basis will require an allocation from the California Debt Limit Allocation Committee after application from the Agency in accordance with the application process and competitive award of such allocation (including payment of application fees and posting of a performance deposit in an amount up to 0.5% of the principal amount of the requested amount of bond allocation, not to exceed \$100,000).
16. The final terms and conditions of the bond issuance will be determined by agreement between the Agency and the Developer, or its assignee.
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, the Agency Commission adopted findings in accordance with CEQA that the Amended and Restated Loan Agreement for Phase I Predevelopment and Construction of Very Low-Income Rental Units is an Implementing Action for the construction of the Project, pursuant to the approvals granted by the Planning Commission, in Agency Resolution No. 211-2008, dated September 16, 2008. Agency staff has determined the issuance of Multifamily Mortgage Revenue Bonds is another Implementing Action for 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.

RESOLUTION

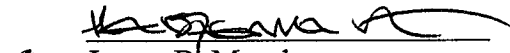
ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that (1) it has reviewed and considered the Final Environmental Impact Report and hereby adopts the CEQA findings set forth in Agency Resolution No. 211-2008, dated September 16, 2008, and (2) subject to negotiation of an agreement with the Developer to the satisfaction of the Agency of financing and other Project related terms and conditions:

- a. The Agency expresses its official intent to issue mortgage revenue bonds or notes in one or more series in an amount not to exceed Thirty Five Million Dollars (\$35,000,000) to provide financing (including reimbursement of amounts previously expended as provided in United States Treasury Regulations Section 1.150-2) to the Developer, or its assignee, for the Project in the form of construction and/or permanent loans.
- b. The Agency hereby declares that it reasonably expects (i) to pay certain costs of the Project prior to the date of issuance of bonds and (ii) to use a portion of the proceeds of the bonds for reimbursement of expenditures for the costs of the Project that are paid before the date of issuance of the bonds and not otherwise paid from the proceeds of such bonds heretofore issued.
- c. The maximum principal amount of the bonds which the Agency expects to issue from which it expects to reimburse the Developer for the costs of the Project pursuant to this Resolution is Thirty Five Million Dollars (\$35,000,000).
- d. The final terms and conditions of the bond issuance will be determined by agreement between the Agency and the Developer. If the parties are not successful in reaching an agreement, the Agency will negotiate the terms and conditions with an alternate developer designated by the Agency.
- e. This expression of intent does not give the Developer any claim or rights against the Agency or any entitlement to the financing described above. The failure of the Agency to provide such financing, for any reason whatsoever or for no reason, shall not create any liability of the Agency to the Developer. Nevertheless, the Agency acknowledges that the possible availability of financing from the Agency is an inducement to the Developer to undertake the Project in the manner described by the Agency.
- f. The Executive Director, Deputy Executive Director, Finance and Administration, Treasurer, Secretary and Assistant Secretaries, Agency General Counsel, Deputy General Counsels, and other officers are authorized to execute and deliver any

and all documents and to take any and all other actions necessary to consummate the transactions described in this Resolution; including making an application to California Debt Limit Allocation Committee, paying application fees and posting any required performance deposit, and the execution and delivery of any such document, fee or deposit shall be conclusive evidence of its approval.

- g. The Agency hereby authorizes submission of an application for an allocation to the California Debt Limit Allocation Committee for a private activity bond volume cap in an amount not to exceed \$35,000,000.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel