

RESOLUTION NO. 120-2008

Adopted October 7, 2008

AUTHORIZING A FIRST AMENDMENT TO THE REGULATORY AND GRANT AGREEMENT WITH OCTAVIA COURT, INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, TO INCREASE THE GRANT IN AN AMOUNT NOT TO EXCEED \$1,951,609, FOR A TOTAL AMOUNT NOT TO EXCEED \$3,987,300, FOR THE DEVELOPMENT OF 15 UNITS OF VERY LOW-INCOME RENTAL HOUSING FOR PERSONS WITH DEVELOPMENTAL DISABILITIES ON CENTRAL FREEWAY PARCEL Q, SOUTHWEST CORNER OF OCTAVIA BOULEVARD AND OAK STREET, AND MAKING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; CITYWIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

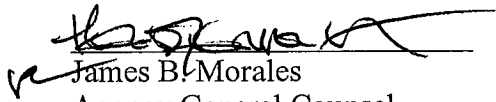
1. On November 19, 2004, the Redevelopment Agency of the City and County of San Francisco (the "Agency") purchased Central Freeway Parcel Q from the City and County of San Francisco (the "City") for the express purpose of developing affordable housing.
2. On September 9, 2005, the Agency issued a Request for Proposals (the "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 (the "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, offered the best development program for Parcel Q. These two organizations subsequently formed an ownership entity known as Octavia Court Inc., a California nonprofit public benefit corporation (the "Developer").
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 (the "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.

6. To demonstrate to HUD that the Developer had local commitment in the Developer's Section 811 Program application, the Agency on May 16, 2006 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 with the State of California's Multifamily Housing Program ("MHP") funds for permanent financing in an amount equal to the Tax Increment Loan); and, (3) a Lease Option Agreement to demonstrate site control which is a requirement for a successful application to the Section 811 Program.
7. The Developer was successful in obtaining both the HUD Section 811 Program award and the MHP award.
8. The Project is nearing the start of construction and due to increased costs resulting from a community supported re-design effort, other construction factors, and the addition of traffic safety equipment at the intersection of Oak Street and Octavia Blvd., the Developer requests Agency authorization of a First Amendment to the Regulatory and Grant Agreement to increase the grant amount by \$1,951,609 for an amount not to exceed \$3,987,300.
9. The Citywide Affordable Housing Loan Committee recommended approval of the requested grant and loan amounts at its September 19, 2008 meeting.
10. Based on the analysis contained in the Final Environmental Impact Report for the Market and Octavia Plan (the "FEIR"), and the findings pursuant to the California Environmental Quality Act ("CEQA") adopted by the San Francisco Planning Commission (the "Planning Commission") on April 5, 2007, in Motions No. 17406 and 17407, respectively, and the findings adopted by the Planning Commission on March 13, 2008 in Motion No. 17567 approving the conditional use authorization for the Project, the Agency Commission adopted findings in accordance with CEQA that the Ground Lease with Octavia Court, Inc. for the development of very low-income rental housing for persons with developmental disabilities on Central Freeway Parcel Q is an Implementing Action for the construction of the Project, pursuant to the approvals granted by the Planning Commission, in Agency Resolution No. 119-2008, dated October 7, 2008. Agency staff has determined the First Amendment to the Regulatory and Grant Agreement with Octavia Court, Inc. 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. 119-2008, dated October 7, 2008, and (2) the Executive Director is authorized to enter into a First Amendment to the Regulatory and Grant Agreement to increase the grant amount by \$1,951,609 for an amount not to exceed \$3,987,300 with Octavia Court, Inc., a California nonprofit public benefit corporation, 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