

RESOLUTION NO. 124-2008

Adopted October 21, 2008

AUTHORIZING A GROUND LEASE WITH 365 FULTON, L.P., A CALIFORNIA LIMITED PARTNERSHIP, FOR THE DEVELOPMENT AND OPERATION OF 120 VERY LOW-INCOME SUPPORTIVE HOUSING RENTAL UNITS AT 365 FULTON STREET; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

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. On March 19, 2002, the Agency and the City and County of San Francisco executed a Transfer of Real Estate Agreement, to transfer seven Central Freeway parcels to the Agency for the express purpose of developing affordable housing. This transfer included certain real property consisting of parcels known as Parcels A, C, G, K, O, Q and U.
3. On August 31, 2006, the Agency issued a Request for Proposals (“RFP”) for the construction, ownership, and operation of supportive housing for extremely low-income and formerly homeless individuals on the parcel known as Parcel G. The RFP sought high-quality proposals from experienced developers capable of building approximately 120 units of supportive housing on Parcel G (the “Project”).
4. On January 16, 2007, by authorization of Resolution No. 5-2007, based on the selection of a development team for the Project through the RFP process, the Agency entered into an Exclusive Negotiations Agreement (the “ENA”) for a term of 18 months, expiring July 16, 2008 with Community Housing Partnership, a California nonprofit public benefit corporation, and Mercy Housing California, a California nonprofit public benefit corporation (collectively, the “Development Team” or the “Borrower”).
5. On June 5, 2007, by authorization of Resolution No. 57-2007, the Agency entered into a Predevelopment Loan Agreement (the “Agreement”) in an amount not to exceed \$2,753,291 and including a Schedule of Performance, with the Development Team.
6. On July 15, 2008, by authorization of Resolution No. 49-2008, the Agency executed a First Amendment to the Agreement, provided approval of variances

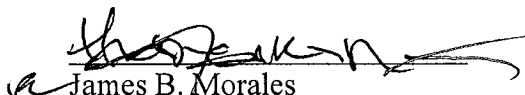
from the Western Addition A-2 Redevelopment Plan for density, parking and parking loading, and adopted the revised Preliminary Mitigated Negative Declaration along with the Mitigation Monitoring and Reporting Program for the Project. In adopting its resolution, the Commission found that the Project would not result in any significant environmental impacts not identified in the Negative Declaration.

7. The Borrower now wishes to enter into a Ground Lease Agreement with the Agency substantially in the form lodged with Agency counsel. The housing improvements will be owned by 365 Fulton, L.P., a California Limited Partnership (the "Partnership"), an affiliated entity of the Development Team, and the Agency will retain ownership of the land portion of the site.
8. Agency staff finds the proposed Ground Lease to be within the scope of the Project analyzed in the Negative Declaration. The Mitigation Monitoring and Reporting Program will be attached to the Ground Lease. The Mitigation Monitoring and Reporting Program includes the mitigation measures from the Negative Declaration and provides the basic framework through which the mitigation measures will be monitored to ensure implementation.

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 Ground Lease with 365 Fulton, L.P., a California limited partnership, for the development and operation of 120 very low-income supportive housing rental units at 365 Fulton Street, in the Western Addition Redevelopment Project Area A-2, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel