

RESOLUTION NO. 139-2008

Adopted December 2, 2008

AUTHORIZING A FIRST AMENDMENT TO THE TAX INCREMENT LOAN AGREEMENT WITH TENDERLOIN NEIGHBORHOOD DEVELOPMENT CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, TO UPDATE THE SCHEDULE OF PERFORMANCE AND TO ALLOW THE EXECUTIVE DIRECTOR, OR HIS DESIGNEE, TO APPROVE PROJECT BUDGET LINE-ITEM TRANSFERS IN CONJUNCTION WITH THE PREDEVELOPMENT OF APPROXIMATELY 80 VERY LOW-INCOME RENTAL UNITS, PLUS TWO MANAGERS' UNITS, LOCATED AT 249 EDDY STREET AND 161-165 TURK STREET; CITYWIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") is authorized pursuant to California Community Redevelopment Law (Health and Safety Code, Section 33000 *et seq.*) to distribute monies from its Tax Increment Affordable Housing Fund to nonprofit developers and sponsors for the specific and special purpose of increasing and maintaining the housing stock in the City and County of San Francisco for very low-, low-, and moderate-income households.
2. Tenderloin Neighborhood Development Corporation (the "Developer") had sought the Agency's assistance to acquire and rehabilitate the real property, located at 249 Eddy Street, Block 0339, Lot 15A, and 161-165 Turk Street, Block 0343, Lot 017, in San Francisco, California (collectively, the "Site") owned by the Aspen Tenderloin Apartment Company with approximately 80 units of affordable family housing for very low-income households and two managers' units (the "Project") as part of the Affordable Housing Preservation Loan Program.
3. The Developer had requested funds to assist with the acquisition and predevelopment of the Site.
4. On November 3, 2006, the Citywide Affordable Housing Loan Committee reviewed the Developer's request and recommended a tax increment loan amount not to exceed Seven Million Sixty-four Thousand Eight Hundred Thirty-one Dollars (\$7,064,831) (the "Loan") to the Developer, with funds from the Tax Increment Affordable Housing Fund for acquisition and predevelopment of the Site.

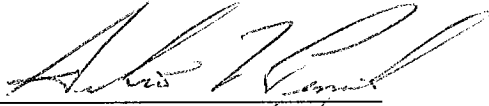
5. The Commission approved the Loan on December 5, 2006 pursuant to Resolution No. 158-2006 of which, \$5,564,831 was for acquisition, with the remaining \$1,500,000 for predevelopment expenses.
6. The Loan will be repaid as follows: (a) Developer will grant deed the land to the Agency and execute a long-term ground lease as partial payment of \$3,728,571 upon close of the construction loan; (b) Developer will use tax credit proceeds to repay \$2,526,342 at permanent closing; and (c) the balance of funds will be repaid through residual receipts.
7. During the predevelopment phase, the Developer discovered significant structural issues that required extensive testing, investigations, and architectural and engineering work to prepare drawings that will guide the rehabilitation activities needed to resolve these issues.
8. The Developer is not requesting any additional funds, but would like to cover the increases to various line-items with transfers from other deposits or reserves that are no longer required by the State of California Housing Finance Agency and other line-items that have a surplus.
9. Although the Developer has made every attempt to anticipate the needs of the Project by forecasting a budget based on current information and assumptions, it is possible that other funds may need further adjustments to accommodate the future needs of the Project.
10. Staff is requesting that the Executive Director, or his designee, be authorized to approve future line-item changes as the predevelopment phase draws to a close. No new or additional Agency funds will be involved.
11. The Developer has also requested the Agency's approval of its updated Schedule of Performance for the Project.
12. This Project is categorically exempt under the California Environmental Quality Act ("CEQA"), as rehabilitation of existing structures pursuant CEQA Guidelines Section 15301(d). There will be no resultant significant environmental impacts. The rehabilitation activities would not lead to changes to the environment and would not cause any significant physical effects on the environment.

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 Tax Increment Loan Agreement with Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, to update the Schedule of Performance and allow the Executive Director, or his designee, to approve

project budget line-item transfers in conjunction with the predevelopment of approximately 80 very low-income rental units, plus two managers' units, located at 249 Eddy Street, Block 0339, Lot 15A, and 161-165 Turk Street, Block 0343, Lot 017, in San Francisco, California, substantially in the form lodged with the Agency General Counsel; and enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

APPROVED AS TO FORM:

A handwritten signature in black ink, appearing to read 'James B. Morales', written over a horizontal line.

for James B. Morales 1/24/08
Agency General Counsel