

RESOLUTION NO. 149-2008

Adopted December 16, 2008

AUTHORIZING A FIRST AMENDMENT TO AN AMENDED AND RESTATED TAX INCREMENT LOAN AGREEMENT WITH MERCY HOUSING CALIFORNIA XLI, A CALIFORNIA LIMITED PARTNERSHIP, TO MODIFY CERTAIN LOAN TERMS RELATED TO THE CONSTRUCTION OF APPROXIMATELY 49 VERY LOW- INCOME FAMILY RENTAL UNITS AT 227-255 SEVENTH STREET; SOUTH OF MARKET REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

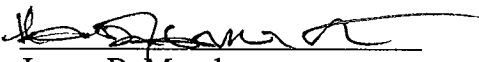
1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*, the “Law”), the Redevelopment Agency of the City and County of San Francisco (the “Agency”) undertakes programs for the reconstruction and rehabilitation of slums and blighted areas in the City and County of San Francisco (the “City”).
2. Pursuant to the Law, the Board of Supervisors of the City established the South of Market Earthquake Recovery Redevelopment Project Area (the “Project Area”) and adopted the South of Market Earthquake Recovery Redevelopment Plan.
3. The Agency is authorized pursuant to the Law to increase and maintain the affordability of the housing stock in the City for affordability by very low-, low- and moderate-income households and to develop commercial, public or other structures or spaces as may be appropriate or necessary in the interest of the general welfare.
4. Mercy Housing California, a California nonprofit public benefit corporation (“MHC”), and the South of Market Health Center, a California nonprofit public benefit corporation, plan to develop approximately 49 units of affordable family housing and a 20,000-square-foot neighborhood health clinic (the “Project”) at 227-255 Seventh Street (the “Site”) within the Project Area.
5. On March 18, 2003, by Resolution Number 39-2003, the Agency Commission authorized a Tax Increment Affordable Housing Program Loan of \$5,275,514 (the “Agency Loan” or “Agreement”) to MHC for acquisition and predevelopment costs related to developing affordable housing at the Site.
6. On November 18, 2003, by Resolution Number 174-2003, the Agency Commission authorized a First Amendment to the Agreement which modified certain terms.

7. On November 7, 2006, by Resolution Number 143-2006, the Agency Commission authorized a Second Amendment to the Agreement that increased the Agency Loan by \$931,380 for a total aggregate amount not to exceed \$6,206,894, to pay for architectural expenses and other related predevelopment costs related to developing housing at the Site.
8. On April 1, 2008, by Resolution Number 19-2008, the Agency Commission authorized an Amended and Restated Agency Loan Agreement to increase the Agency Loan by \$6,745,338, for a total aggregate amount not to exceed \$12,952,232 to provide funding for the construction of the additional housing portion of the Project.
9. The Agency now desires to enter into a First Amendment to the Amended and Restated Tax Increment Loan Agreement to: a) change the distribution of surplus cash; (b) require that the interest on the Agency Loan accrue; and (c) forgive approximately \$260,000 of the loan amount.
10. Changing the terms of the Amended and Restated Tax Increment Loan Agreement is an administrative activity of the Agency and is not a Project as defined by the California Environmental Quality Act Guidelines Section 15378(b)(5). The administrative activity would not independently result in a significant physical effect 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 Amended and Restated Tax Increment Loan Agreement with Mercy Housing California, a California nonprofit public benefit corporation, to modify certain loan terms and to execute all ancillary documents, for the construction of approximately 49 very low-income family rental units at 227-255 Seventh Street, in the South of Market Redevelopment Project Area, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel