

RESOLUTION NO. 2-2010

Adopted January 5, 2010

AUTHORIZING A FIRST AMENDED AND RESTATED GROUND LEASE AGREEMENT WITH 365 FULTON L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO CHANGE THE BASE RENT AMOUNT FROM \$15,000 ANNUALLY TO \$1 ANNUALLY AND MAKE CERTAIN CHANGES TO THE GROUND LEASE, FOR THE DEVELOPMENT AND OPERATION OF 120 VERY LOW-INCOME SUPPORTIVE HOUSING RENTAL UNITS AT 365 FULTON STREET; CITYWIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

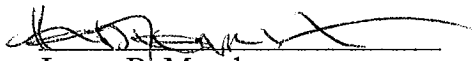
1. On March 19, 2002, the Redevelopment Agency of the City and County of San Francisco (the "Agency") and the City and County of San Francisco executed a Transfer of Real Estate Agreement, to transfer seven Central Freeway parcels to the Agency for the express purpose of developing affordable housing. This transfer included certain real property consisting of parcels known as Parcels A, C, G, K, O, Q, and U.
2. On August 31, 2006, the Agency issued a Request for Proposals (the "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").
3. On October 16, 2006, one complete and responsive proposal was received from Community Housing Partnership, a California nonprofit public benefit corporation, and Mercy Housing California, a California nonprofit public benefit corporation. This proposal was reviewed by an interdisciplinary evaluation panel and proposed a strong overall development program.
4. On January 16, 2007, by Resolution No. 5-2007, the Agency entered into an Exclusive Negotiations Agreement (the "ENA") for a term of 18 months, expiring July 16, 2008 with Community Housing Partnership and Mercy Housing California (collectively, the "Development Team" or "Developer").
5. On June 5, 2007, by Resolution No. 57-2007, the Agency entered into a Predevelopment Loan Agreement (the "Loan Agreement" or "Tax Increment Loan Agreement") in an amount not to exceed \$2,753,291 and including a schedule of performance with the Development Team.
6. On May 20, 2008, by Resolution No. 50-2008, the Agency Commission authorized execution of a First Amendment to the ENA and a First Amendment to the Loan Agreement to revise the schedule of performance and extend the term of the ENA.

7. On October 21, 2008, by Resolution No. 124-2008, the Agency Commission authorized execution of a Ground Lease Agreement with 365 Fulton, L.P., a California limited partnership, an affiliated entity of the Development Team, to establish certain ground lease terms and ensure the long term affordability of the Project.
8. On November 3, 2009, by Resolution No. 128-2009, the Agency Commission authorized execution of a Second Amendment to the Tax Increment Loan Agreement to revise the loan disbursement budget, revise language regarding future loan disbursement modifications, and modify the schedule of performance.
9. The Developer and Agency now wish to execute a First Amended and Restated Ground Lease Agreement (the "Agreement") to revise the base rent of \$15,000 to \$1 annually and make certain other modifications to the Agreement. This action is an Agency administrative activity that will not independently result in a physical change in the environment and is not subject to environmental review under the California Environmental Quality Act ("CEQA"), pursuant to CEQA Guidelines Section 15378(b)(5).

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute a First Amended and Restated Ground Lease Agreement with 365 Fulton, L.P., a California limited partnership, to revise the base rent of \$15,000 to \$1 annually and make certain changes, substantially in the form lodged with the Agency General Counsel, for the development and operation of 120 units of very low-income supportive housing at 365 Fulton Street; Citywide Tax Increment Housing Program.

APPROVED AS TO FORM:



James B. Morales
Agency General Counsel