

## RESOLUTION NO. 3-2010

*Adopted as Amended at Commission Meeting on January 5, 2010*

### **AUTHORIZING AN AGENCY PAYMENT OBLIGATION WITH 365 FULTON, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO GUARANTEE AN AMOUNT UP TO \$10,750,000 IN CONSTRUCTION LOAN PAYMENTS TO CITIBANK, NA, FOR THE DEVELOPMENT AND OPERATION OF 120 VERY LOW-INCOME SUPPORTIVE HOUSING RENTAL UNITS AT 365 FULTON STREET; CITY-WIDE TAX INCREMENT HOUSING PROGRAM**

#### **BASIS FOR RESOLUTION**

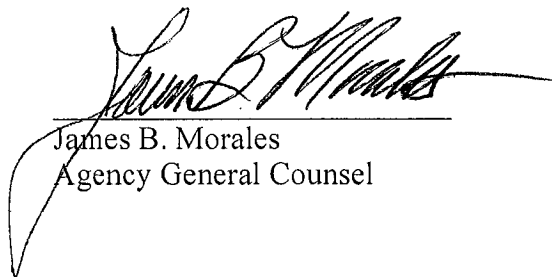
1. On March 19, 2002, the Redevelopment Agency of the City and County of San Francisco (the "Agency") and the City and County of San Francisco executed a Transfer of Real Estate Agreement, to transfer seven Central Freeway parcels to the Agency for the express purpose of developing affordable housing. 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.
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 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.
8. The Developer and the Agency now wish to execute an Agency Payment Obligation to guarantee an amount up to \$10,750,000 in construction loan payments to Citibank, NA ("Construction Lender"). The Agency Payment Obligation will provide assurance to the Construction Lender that in the event that the State of California Multi-Family Housing Program ("MHP") does not fund its \$10,000,000 loan in full or when the construction loan becomes due, that there is a source to repay the Construction Lender. The Agency Payment Obligation provides that the Agency will be reimbursed for any payments made pursuant to the Agency Payment Obligation when MHP funds its loan.
9. 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 an Agency Payment Obligation with 365 Fulton L.P., a California limited partnership, to guarantee an amount up to \$10,750,000 in construction loan payments to Citibank, NA, for the development and operation of 120 very low-income supportive housing rental units at 365 Fulton Street, in the former Western Addition Redevelopment Project Area A-2, substantially in the form lodged with Agency General Counsel; Citywide Tax Increment Housing Program.

**APPROVED AS TO FORM:**



James B. Morales  
Agency General Counsel