

RESOLUTION NO. 129-2010

Adopted November 2, 2010

ADOPTING A NEW MARKETS TAX CREDIT LOAN PARTICIPATION PROGRAM IN AN AMOUNT NOT TO EXCEED \$10,000,000 TO PROVIDE ACQUISITION, PREDEVELOPMENT AND GAP FINANCING LOANS TO PROJECTS UTILIZING THE NEW MARKET TAX CREDIT FINANCING STRUCTURE; ALL REDEVELOPMENT PROJECT AREAS

BASIS FOR RESOLUTION

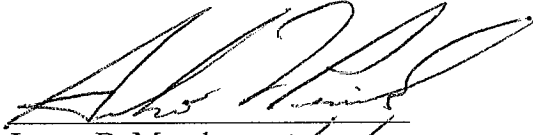
1. The Redevelopment Agency of the City and County of San Francisco (“Agency”) is authorized under California Community Redevelopment Law (Health and Safety Code Section 33300 et seq.) to provide assistance and advance funds from its tax increment monies for the purpose of making improvements necessary for the redevelopment of blighted areas and the implementation of project area redevelopment plans.
2. Health and Safety Code (“H&S Code”) Section 33763.5 requires that all loans made by a redevelopment agency shall be made according to a loan program that contains standards, qualifications, and criteria for the making and approval of loans and that has been adopted by the redevelopment agency at a public meeting.
3. Agency staff desires to create a New Markets Tax Credit Loan Participation Program (“NMLP”) wherein the Agency can provide loan funds to projects utilizing the new market tax credit financing structure in redevelopment project areas. The purpose of the NMLP is to create a mechanism for the Agency to begin to leverage additional capital to eligible projects in its respective project areas.
4. The New Market Tax Credit (“NMTC”) program is administered by the Community Development Finance Institutions Fund, a division of the United States Internal Revenue Service. It provides for a tax credit taken over a seven-year period equal to 39% of the equity investment to an eligible community development entity (“CDE”). The NMTC program thus provides a modest federal tax credit incentive to stimulate private investment and economic growth in low-income communities that are often overlooked by conventional investors. These economically distressed communities lack access to the patient investment capital necessary to support business and economic development.
5. The NMLP is available to projects in Agency redevelopment project areas (“Projects”) who meet **all** of the following criteria:
 - a. The Project meets all of the requirements to be eligible for the NMTC under the program administered by the Community Development Finance Institutions Fund, as amended from time to time.

- b. The Project sponsor (“Borrower”) has identified a CDE who has expressed an interest in allocating some or all of its available tax credits to the Project. That interest is to be evidenced by a letter of interest or other written commitment satisfactory to the Agency Executive Director.
 - c. Completion of the Project furthers the goals of the Agency and the redevelopment project area as stated in the redevelopment plan and the implementation plan.
 - d. The Agency loan funds will be used for acquisition, predevelopment or gap financing.
 - e. The Project type is either: retail / commercial; office; medical; industrial; mixed-use; hospitality; or community facilities.
6. The NMLP program commences immediately upon the authorization of the Agency Commission and will continue until November 2nd 2015 (five (5) years) unless extended or earlier terminated by further Agency Commission action.
7. The total aggregate amount authorized under this NMLP program is Ten Million Dollars (\$10,000,000); however, no individual Project may be eligible for a loan in excess of Three Million Dollars (\$3,000,000). All loans under the NMLP program are subject to annual budget appropriations, availability of funds, and any additional restrictions on use based upon the funding source.
8. The maximum loan amount on any individual Project loan shall not exceed Three Million Dollars (\$3,000,000).
9. The term of the Agency loan shall be determined by the amount of the loan based upon the following scale: \$1 - \$500,000 = Seven (7) years; \$500,001 - \$1,500,000 = Ten (10) years; and \$1,500,001 - \$3,000,000 = Fifteen (15) years.
10. The NMLP loan shall be secured either by a Deed of Trust and Assignment of Rents on the Project site or through a security pledge, which pledges the Borrower’s ownership interest in the sub-CDE to the Agency during the seven (7) year tax credit investment period.
11. The interest rate shall range from 0% - 3% depending upon the Agency’s determination of the ability of the Project to support interest on the debt and the public benefit generated by the Project.
12. Adopting the New Markets Tax Credit Loan Participation Program would not have a significant effect on the environment and is exempt from the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Section 15061(b)(3). The NMLP sets up a process for the Agency’s provision of loan funds. Subsequent Agency approvals will be required for any loan under the NMLP.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that, in accordance with H&S Code Section 33763.5, the New Markets Tax Credit Loan Participation Program in an amount not to exceed \$10,000,000 for a program term not to exceed five years, in the form attached to this Resolution is hereby adopted.

APPROVED AS TO FORM:



for James B. Morales 10/27/10
Agency General Counsel

Attachment: New Markets Tax Credit Loan Participation Program