

**RESOLUTION NO. 154-2010**

*Adopted December 14, 2010*

**AUTHORIZING THE REPAYMENT OF A CALHFA RESIDENTIAL DEVELOPMENT LOAN PROGRAM LOAN IN THE AMOUNT OF \$2,724,048, AND AUTHORIZING A SECOND AMENDMENT TO THE PREDEVELOPMENT LOAN WITH 474 NATOMA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, TO MODIFY THE PREDEVELOPMENT BUDGET IN CONJUNCTION WITH THE DEVELOPMENT OF APPROXIMATELY 58 UNITS OF AFFORDABLE HOUSING, 474 NATOMA STREET; SOUTH OF MARKET REDEVELOPMENT PROJECT AREA; CITYWIDE TAX INCREMENT HOUSING PROGRAM**

**BASIS FOR RESOLUTION**


1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*), the Redevelopment Agency of the City and County of San Francisco (“Agency”) undertakes programs for the reconstruction and rehabilitation of blighted areas in the City and County of San Francisco.
2. On December 6, 2005, the Board of Supervisors of the City and County of San Francisco authorized an amendment to the South of Market Redevelopment Plan (the “Plan”), which prioritizes the development of housing affordable to low- and moderate-income households.
3. The South of Market Project Area Committee (“PAC”), which advises the Agency on all matters pertaining to the Plan, recommends the type of housing to be built in the South of Market Redevelopment Project Area.
4. On December 22, 2006, the Agency issued a Request for Proposals (“RFP”) for the development of 474 Natoma Street, seeking teams capable of developing affordable homeownership family housing at 474 Natoma Street (the “Project”). The RFP set forth specific qualifications and criteria for selection, including previous development experience, developer staff capacity, architectural design, financial feasibility, and proposed number of units. A summary of the RFP was provided to the Agency Commission in an informational memorandum dated December 19, 2006.
5. The Agency received two submittals, of which the proposal from BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“BRIDGE”), was unanimously selected by the interdisciplinary evaluation panel (“Evaluation Panel”), which included one PAC member.
6. On May 1, 2007, by Resolution No. 37-2007, the Agency Commission authorized staff to apply for, and if awarded, to accept, up to \$5 million in Residential Development Loan Program (“RDLP”) funds from the California Housing Finance Agency (“CalHFA”). Subsequently, the Agency was awarded RDLP funds.

7. On May 21, 2007, the PAC endorsed the Evaluation Panel's unanimous recommendation of BRIDGE as the selected developer.
8. BRIDGE has subsequently formed 474 Natoma, LLC, a California limited liability company, of which it is the sole member.
9. At its meeting of August 3, 2007, the Mayor's Citywide Affordable Housing Loan Committee recommended approval of the predevelopment loan agreement for \$2,600,000, with a portion of the RDLP funds to be used to fund the predevelopment loan amount.
10. At its meeting of August 21, 2007, the Agency Commission authorized the Exclusive Negotiations Agreement ("ENA") and predevelopment loan for an 18-month period with one six-month option, which option was exercised per the ENA on March 31, 2009.
11. On December 22, 2008, the Agency received notice from CalHFA that "effective immediately", funding of the RDLP was suspended indefinitely; the suspension of funding delayed the Project's scheduled progress.
12. On July 29, 2009, the Agency learned that the Governor had signed AB 26 which requires the taking of \$2.05 billion from local redevelopment agencies; this unanticipated loss of funding further delayed the Project's scheduled progress.
13. On October 6, 2009, the Agency Commission amended the ENA and extended it for an additional 12 months.
14. On September 21, 2010, the Executive Director extended the ENA for an additional 6-month period, as permitted under the amended ENA.
15. The market for for-sale housing in San Francisco has declined in the past 24 months, while the demand for affordable family rental housing has increased to unprecedented numbers. Accordingly, BRIDGE has submitted a revised predevelopment budget to allow for a thorough examination of the Project's design and tenure type, based on market concerns.
16. The \$2.6 million CalHFA RDLP loan is accruing interest and is limited to use on for-sale developments.
17. BRIDGE must continue to meet the series of milestones during the ENA period that will ultimately result in the execution of a Disposition and Development Agreement.
18. The Project is exempt from the California Environmental Quality Act ("CEQA"), pursuant to CEQA Guidelines Section 15262.

## RESOLUTION

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to repay a CalHFA Residential Development Loan Program Loan in the amount of \$2,724,048, and execute a Second Amendment to the Predevelopment Loan with 474 Natoma, LLC, a California limited liability company, to modify the predevelopment budget in conjunction with the development of approximately 58 units of affordable housing at 474 Natoma Street, substantially in the form lodged with the Agency General Counsel; South of Market Redevelopment Project Area; Citywide Tax Increment Housing Program.

**APPROVED AS TO FORM:**

  
James B. Morales  
Agency General Counsel