

RESOLUTION NO. 5-2011

Adopted January 18, 2011

AUTHORIZING A PREDEVELOPMENT LOAN AGREEMENT WITH MERCY HOUSING CALIFORNIA 51, A CALIFORNIA LIMITED PARTNERSHIP, IN AN AMOUNT NOT TO EXCEED \$3,201,909 FOR PREDEVELOPMENT EXPENSES RELATED TO DEVELOPMENT OF 56 UNITS OF VERY LOW-INCOME FAMILY RENTAL HOUSING AT 200 SIXTH STREET (FORMERLY THE HUGO HOTEL); 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 “Law”), the Redevelopment Agency of the City and County of San Francisco (the “Agency”) undertakes programs for the reconstruction and construction of slums and blighted areas in the City and County of San Francisco.
2. In accordance with the Law, the City and County of San Francisco (the “City”), acting through its Board of Supervisors, originally approved as the Redevelopment Plan for the South of Market Earthquake Recovery Redevelopment Project Area by Ordinance No. 234-90 adopted on June 11, 1990, and amended by Ordinance No. 276-05 on December 6, 2005. The Redevelopment Plan is referred to as the “South of Market Redevelopment Plan.” In cooperation with the City, the Agency is responsible for implementing the South of Market Redevelopment Plan.
3. The South of Market Redevelopment Plan provides for the redevelopment, construction, and revitalization of the area generally bounded by Seventh Street, Mission Street, Fifth Street, and Harrison Street.
4. The Agency acquired the land and existing building at 200 Sixth Street (the “Site”), formerly known as the Hugo Hotel, through an eminent domain action. Redevelopment Agency v. Branch Limited Partnership, et al. (Superior Ct. San Francisco, No. CGC-08-475882) final order of condemnation filed October 30, 2009.
5. In acquiring the Site, the Agency used tax exempt bond proceeds to compensate the previous owner.
6. For several years, the building at the Site has been the location of a Defenestration Sculpture, which remains attached to the building by virtue of a Permit to Enter between the Agency and Brian Goggin, permittee, and which is subject to termination upon 90-day notice to the permittee and other conditions as described in the Permit to Enter. Agency Resolution No. 137-2009 (Dec. 1, 2009).
7. On May 27, 2010, the Agency issued a Housing Development Request for Proposals (the “RFP”) for the development and management of very low-income, rental housing and ground floor uses at the Site. The Agency received five submittals, all of which met the minimum threshold requirements defined in the RFP.

8. On November 16, 2010, the Agency Commission authorized, by Resolution No. 137-2010, an exclusive negotiations agreement (“ENA”) with Mercy Housing California 51, a California limited partnership (the “Developer”). The ENA will enable the Developer to pursue predevelopment activities for the construction and management of affordable, rental, family housing (the “Project”). The Agency and Developer are contemplating entering into a ground lease and other agreements. The ENA further defines a series of milestones that will result in the execution of a ground lease agreement (the “Ground Lease”) for consideration by the Agency Commission after a public hearing, as required by law.
9. The Developer and Agency anticipate that various regulatory approvals and permits are required for the development of the Project, which may include without limitation, environmental review pursuant to the California Environmental Quality Act (“CEQA”) and compliance with the City Planning Code. The Agency has delegated the administration of land use controls to the Planning Department, which will review and approve the Project.
10. In November 2010, the Developer requested a predevelopment loan predevelopment and pre-construction costs associated with the Project.
11. At its meeting on January 7, 2011, the Citywide Affordable Housing Loan Committee recommended approval of a predevelopment loan agreement for \$3,201,909, subject to the terms and conditions listed in the Loan Evaluation.
12. Authorizing the predevelopment loan agreement with Mercy Housing California 51 will facilitate the completion of design work for the affordable housing development as well as the financing for the project, which are activities that would not directly have a significant effect on the environment and are exempt from CEQA pursuant to CEQA Guidelines Sections 15262 and 15061(b)(3).

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 predevelopment loan agreement, substantially in the form lodged with the Agency Counsel, with Mercy Housing California 51, a California limited partnership, for the purpose of initiating and completing predevelopment activities leading to the Ground Lease Agreement and related documents for 200 Sixth Street in the South of Market Redevelopment Project Area.

APPROVED AS TO FORM:



James B. Morales
Agency General Counsel