

RESOLUTION NO. 23-2011

Adopted March 1, 2011

**AUTHORIZING A LOAN AGREEMENT WITH THIRD AND
LECONTE ASSOCIATES, L.P., A CALIFORNIA LIMITED
PARTNERSHIP, IN AN AMOUNT NOT TO EXCEED \$17,149,956
FOR THE DEVELOPMENT OF 73 UNITS OF VERY LOW-INCOME,
RENTAL SUPPORTIVE HOUSING AT 6600 THIRD STREET;
BAYVIEW HUNTERS POINT 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 and encourages the development of residential rental developments as affordable housing.
2. On February 17, 2009, by Resolution No. 22-2009, the Agency Commission approved a tax increment loan agreement in the amount of \$3,075,000 (“Acquisition Loan”), and a tax increment predevelopment loan agreement in the amount of \$1,812,059 (“Predevelopment Loan”) with Third and LeConte Associates, L.P. (the “Borrower”). The loans, together totaling \$4,887,059, were funded under the Tax Increment Affordable Housing Fund for the purpose of acquiring 6600 Third Street and developing 73 units of affordable rental housing for low- and very-low income residents on the site (“Project”).
3. On December 1, 2009, by Resolution No. 145-2009, the Agency Commission approved first amendments to the Acquisition and Predevelopment Loans to allow the admission of Mercy Housing Calwest, a California nonprofit public benefit corporation, as the Borrower’s new co-general partner (joining the Providence Foundation), and the admission of South of Market Mercy Housing, a California nonprofit public benefit corporation, as the Borrower’s new limited partner.
4. On June 15, 2010, by Resolution No. 89-2010, the Agency Commission approved a second amendment to the Predevelopment Loan, providing \$2,237,250 in additional predevelopment funding, thus enabling the Borrower to complete architectural design and additional engineering, demolish the site’s blighted structure, and complete all other predevelopment activities required to submit competitive state and low-income housing tax credit applications.

5. Borrower now seeks to secure permanent funding for the Project from the California Tax Credit Allocation Committee, and, as it may become available, from the California Department of Housing and Community Development ("HCD"). To successfully secure these required funds and to commence and complete construction, the Borrower has requested a permanent loan from the Agency in the amount of \$17,149,956, which includes the conversion of \$3,477,044 in previously disbursed predevelopment funds to permanent financing, as anticipated under the terms of Borrower's Predevelopment Loan.
6. On February 17, 2009, the Agency adopted a policy stating that the Agency shall use, to the greatest extent feasible, any tax increment authorized by the Western Addition A-2 Redevelopment Plan, as amended by Ordinance No. 316-08, to fulfill its obligation to provide replacement housing, as defined in Sections 33333.7 (SB 2113) and 33333.8 of the California Health and Safety Code, in the former Western Addition Redevelopment Project Area A-2 (the "WA-A2 Project Area"). The Agency has completed its funding of affordable housing projects in the former WA-A2 Project Area, leaving a balance of SB2113 tax increment from the WA-A2 Project Area that can be spent on affordable housing projects not located in the WA-A2 Project Area. Therefore, the Agency intends to use a portion of the remaining funds from the WA-A2 Project Area to support the Project.
7. The Borrower has agreed that if HCD issues a timely Notice of Funding Availability that is applicable to the Project, it will apply for such funds in order to reduce the Agency's permanent loan commitment.
8. In Resolution No. 20-2009, the Agency adopted the Final Mitigated Negative Declaration prepared for the proposed Project by the City Planning Department, finding that it reflected the independent judgment and analysis of the Agency, and was adequate and prepared in accordance with the California Environmental Quality Act ("CEQA"). Authorizing a new permanent loan agreement does not change the scope of the Project analyzed in the Final Mitigated Negative Declaration and does not require additional environmental review pursuant to CEQA Guidelines Section 15162.

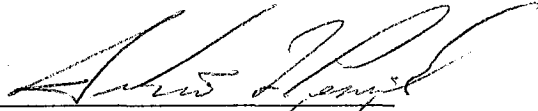
RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to:

1. Execute a Permanent Loan Agreement with Third and LeConte Associates, L.P., a California limited partnership, in the amount of \$17,149,956 for the development of 73 units of very low-income rental supportive housing at 6600 Third Street, substantially in the form lodged with the Agency General Counsel.

2. Enter into any and all ancillary documents or take any additional actions necessary to consummate the transactions authorized by this Resolution, in forms to be approved by the Agency General Counsel.

APPROVED AS TO FORM:



for James B. Morales 2/23/11
Agency General Counsel