

RESOLUTION NO. 29-2011

Adopted March 15, 2011

AUTHORIZING A THIRD AMENDMENT TO THE TAX INCREMENT LOAN AGREEMENT, AND A SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT, WITH ARMSTRONG TOWNHOMES, LLC, A CALIFORNIA LIMITED LIABILITY CORPORATION, TO MODIFY THE SCHEDULE OF PERFORMANCE, AND TO MODIFY AND INCREASE THE BUDGET BY \$9,630,088, FOR A TOTAL AMOUNT NOT TO EXCEED \$34,117,133; IN CONJUNCTION WITH THE DEVELOPMENT OF 124 LOW- AND MODERATE-INCOME OWNERSHIP UNITS; 5600 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 (the "Agency") undertakes programs for the reconstruction and rehabilitation of blighted areas in the City and County of San Francisco (the "City").
2. On May 16, 2006, by Ordinance No. 113-06, the City's Board of Supervisors adopted the Bayview Hunters Point Redevelopment Project Area in order to undertake a variety of projects and activities to alleviate blighting conditions. The Bayview Hunters Point Redevelopment Plan became effective on September 19, 2006.
3. It is the mission of BRIDGE Housing Development Corporation, a California nonprofit public benefit corporation ("BRIDGE" or the "Developer"), to provide safe, decent and affordable rental and ownership housing in the Bay Area and Southern California.
4. On December 12, 2001, in furtherance of its mission, the Developer entered into a purchase and sale agreement to purchase approximately 3.14 acres at 5600 Third Street in the Bayview Hunters Point Redevelopment Survey Area (the "Site") for the purpose of redeveloping it as approximately 132 units of rental housing for very low- and low-income seniors with ground floor commercial space (the "Senior Project") along with approximately 124 units of ownership housing for low- and moderate-income households on two parcels (the "Family Project") (together the "Projects").


5. On June 18, 2002, by Resolution No. 102-2002, the Agency Commission authorized the following with BRIDGE: (1) an Assignment and Assumption Agreement to purchase the real property located at 5600 Third Street for a total amount not to exceed \$9,800,000; (2) an Exclusive Negotiations Agreement leading to the disposition of the real property at 5600 Third Street for the development of the Projects; and, (3) a Tax Increment Predevelopment Loan Agreement (the "Predevelopment Loan Agreement") in the amount of \$200,000 for the Projects.
6. On May 18, 2004, by Resolution No. 59-2004, the Agency Commission approved a First Amendment to the Predevelopment Loan Agreement with BRIDGE to increase the total funding amount to \$2,532,990 for the Projects.
7. On July 19, 2005, by Resolution No. 116-2005, the Agency Commission approved a Second Amendment to the Predevelopment Loan Agreement with BRIDGE for an amount not to exceed \$600,000, for a total aggregate amount not to exceed \$3,132,990, in order to demolish and remediate the Site.
8. On February 20, 2007, by Resolution No. 10-2007, the Agency Commission approved a new Tax Increment Loan Agreement with BRIDGE Tower LLC, a California limited liability corporation and an affiliate of BRIDGE Housing Corporation, for an amount not to exceed \$20,543,329, for a total aggregate amount not to exceed \$29,508,183 for the Family Project. At that same meeting, by Resolution No. 9-2007, the Agency Commission approved entering into a Disposition and Development Agreement, for the development of 124 low- and moderate-income homeownership units. Both the Tax Increment Loan Agreement and the Disposition and Development Agreement were assigned from BRIDGE Tower LLC, to Armstrong Townhomes, LLC as part of the October 2007 closing.
9. On April 20, 2010, by Resolution No. 38-2010, the Agency Commission approved additional funding for Armstrong Townhomes, LLC, in an amount of \$3,460,020 to: (1) fund continued marketing and sales of the homeownership units; (2) cover carrying costs; (3) pay down a portion of the construction loan amount; and, (4) pay for interior alterations, including unit enhancements.
10. Currently, Armstrong Townhomes, LLC is requesting \$9,630,088 to pay for marketing, holding costs, developer fee, and funding to repay the Bank of America construction loan in full.
11. Authorizing the Third Amendment to the Tax Increment Loan Agreement and a Second Amendment to the Disposition and Development Agreement to modify the schedule of performance, and to increase the budget by an amount not to exceed \$9,630,088, are Agency administrative activities that will not cause any physical change in the environment and are not projects pursuant to the California Environmental Quality Act ("CEQA") definition of a project contained in 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:

1. Enter into a Third Amendment to the Tax Increment Loan Agreement, and a Second Amendment to the Disposition and Development Agreement with Armstrong Townhomes, LLC, a California limited liability corporation, to modify the schedule of performance; and to modify and increase the budget by \$9,630,088, for a total amount not to exceed \$34,117,133; in conjunction with the development of 124 low- and moderate-income ownership units at 5600 Third Street; Bayview Hunters Point Redevelopment Project Area, as part of the Citywide Tax Increment Housing Program, substantially in the form lodged with the Agency General Counsel; and
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:


James B. Morales
Agency General Counsel