

RESOLUTION NO. 32-2011

Adopted March 15, 2011

AUTHORIZING A SECOND AMENDMENT TO THE SECOND AMENDED AND RESTATED LOAN AGREEMENT WITH HUNTERS VIEW PARTNERS 1, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO MODIFY THE TERMS AND CONDITIONS OF THE AGENCY LOAN AGREEMENT, HUNTERS VIEW HOUSING DEVELOPMENT PHASE IA, MIDDLE POINT AND WEST POINT ROADS (BLOCK 4624, LOTS 3, 4 & 9 AND BLOCK 4720, LOT 27); BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA; CITYWIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") is authorized by the California Community Redevelopment Law (Health and Safety Code, Section 33000 et seq.), to distribute monies from its Tax Increment Affordable Housing Fund to developers for the specific purpose of increasing and maintaining the housing stock in the City and County of San Francisco affordable by very low-, low-, and moderate-income households.
2. The Hunters View site is an approximately 21 acre site currently improved with 267 housing units generally known as 227-229 West Point Road (Block 4624, Lots 3, 4 & 9 and Block 4720, Lot 27, collectively referred to as the "Site"), which is located in Areas A and B of the Bayview Hunters Point Redevelopment Project Area, and is owned and operated by the San Francisco Housing Authority ("SFHA"). A portion of the Site, consisting of an approximately 1.65 acre parcel (Block 4720, Lot 27, hereafter the "Agency Parcel"), is owned by the Agency and is the subject of a Disposition and Development Agreement approved by the Agency Commission pursuant to Resolution No. 27-2010 and executed on March 16, 2010.
3. In 2003, SFHA (owner and operator of the 267 existing Hunters View rental units) issued a Request for Qualifications for a developer to redevelop the Site, a severely distressed site that could not feasibly be rehabilitated.
4. In August 2005, SFHA selected the development team known as the Hunters View Community Partners, the predecessor-in-interest to Hunters View Associates, L.P., a California limited partnership (the "Borrower" or the "Developer").
5. The Borrower's general partners are the managing general partner, The John Stewart Company, a California corporation, and two co-general partners: Devine and Gong, Inc., a California corporation, and Hunters Point Affordable Housing, Inc., a California nonprofit public benefit corporation, which is a wholly owned subsidiary of the Ridge Point Non-Profit Housing Corporation, a California nonprofit public benefit corporation.

6. Developer will demolish the existing Hunters View improvements in approximately three phases and construct up to 740 new residential units currently envisioned to include the following components: (i) 267 replacement public housing rental units (the "Replacement Units"), (ii) approximately 83 new rental units affordable to very low-income households earning no more than 50% percent of Area Median Income adjusted solely for household size, and (iii) approximately 59 new below market for-sale units to be sold to first-time homebuyers, with an average affordability of 80% of Area Median Income (collectively the "Project").
7. Market rate for-sale units will also be constructed on the Site. The sale of the land associated with these units is intended to provide a partial subsidy to defray a portion of the cost of developing the Replacement Units.
8. Developer intends to work with SFHA to subdivide the Housing Authority Site into numerous lots for transfer of lots in fee or by ground lease to facilitate the financing and development of the residential components described in Recitals 6 and 7 above.
9. On March 16, 2010, pursuant to Resolution No. 27-2010, the Borrower executed a Disposition and Development Agreement on the Agency Parcel to facilitate the development of Phase I of the Project.
10. Developer has previously obtained loans pursuant to the Loan Agreement (City and County of San Francisco Home Program) between the Borrower and the City dated as of March 8, 2007, and amended from time to time in a current aggregate amount of \$4,351,245 for the Project.
11. On September 18, 2007, pursuant to Resolution No. 100-2007, the Agency Commission authorized a predevelopment loan in the amount of \$1,500,000 (the "Predevelopment Loan Agreement" or the "Phase I Rental Loan Agreement") to undertake design development, environmental, entitlements and construction activities related to Master Planning of the Project, to be repaid when permanent financing is obtained for any portion of the Project.
12. On May 6, 2008, pursuant to Resolution No. 42-2008, the Agency Commission authorized the First Amendment to the Predevelopment Loan Agreement for an amount not to exceed \$1,904,679 for costs associated with predevelopment tasks for Phase I.
13. On September 16, 2008, pursuant to Resolution No. 112-2008, the Agency Commission authorized execution of a Moderate Income Homeownership Loan Agreement, which terms included the allocation of \$374,931 of the Phase I Predevelopment Loan amount to the Moderate Income Homeownership Loan Agreement. This allocation resulted in a remaining balance of the Phase I Rental Loan of \$1,529,747.
14. Also on September 16, 2008, pursuant to Resolution No. 111-2008, the Agency Commission authorized an Amended and Restated Tax Increment Loan Agreement


to allocate \$500,000 of the Master Planning Loan amount to the Phase I Rental Loan Agreement and to increase to the Rental Loan by an amount not to exceed \$8,647,231, for an aggregate loan amount of \$10,676,978. This allocation resulted in a remaining balance of the Master Planning Loan amount of \$1,000,000.

15. On October 20, 2009, pursuant to Resolution No. 114-2009, the Agency Commission authorized a Second Amended and Restated Loan Agreement to reduce the total Phase I Rental Loan amount by \$859,728, for a total aggregate loan amount of \$9,817,252, and to modify the Phase I Rental budget and schedule of performance to reflect the current Project.
16. On August 17, 2010, pursuant to Resolution No. 110-2010, the Agency Commission authorized a First Amendment to the Second Amended and Restated Loan Agreement to reduce the interest rate of the loan from 3% simple interest to .25% simple interest and to modify the Schedule of Performance.
17. The Borrower now wishes to execute a Second Amendment to the Second Amended and Restated Loan Agreement (the "Second Amendment") to make certain modifications necessary to conform the document to the current Project and close the vertical construction loans associated with Phase Ia of the Project.
18. The Second Amendment would allow for certain modifications of the Agreement but would not change the development activities to be conducted under the Agreement. Approval of the Second Amendment is an Agency administrative activity that is not a Project, as defined by California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(5). The Second Amendment will not independently result in a physical change in the environment and is not subject to environmental review under CEQA.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute a Second Amendment to the Second Amended and Restated Loan Agreement with Hunters View Partners 1, L.P., a California limited partnership, substantially in the form lodged with the Agency General Counsel, to modify the terms and conditions of the Agency loan agreement, Hunters View Housing Development Phase Ia, Middle Point and West Point Roads (Block 4624, Lots 3, 4 & 9 and Block 4720, Lot 27); Bayview Redevelopment Project Area; Citywide Tax Increment Loan Program.

APPROVED AS TO FORM:


✓ James B. Morales
Agency General Counsel