

## RESOLUTION NO. 48-2011

*Adopted April 19, 2011*

**AUTHORIZING A PHASE II-III RENTAL HOUSING LOAN AGREEMENT WITH HUNTERS VIEW ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, IN AN AGGREGATE AMOUNT NOT TO EXCEED \$31,406,982 AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; IN CONJUNCTION WITH THE PHASE II-III CONSTRUCTION OF VERY LOW AND LOW INCOME RENTAL UNITS, HUNTERS VIEW HOUSING DEVELOPMENT, MIDDLE POINT AND WEST POINT ROADS; 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 June 12, 2008, the San Francisco Planning Commission (the "Planning Commission") certified the FEIR for the Project in Motion No. 17617, adopted findings pursuant to the California Environmental Quality Act ("CEQA") in Motion No. 17618, and approved the conditional use authorization for the Project

in Motion No. 17621. In Motion No. 17618, the Planning Commission also adopted a Statement of Overriding Considerations for significant and unavoidable traffic impacts at six intersections and established a Mitigation Monitoring Program that attaches mitigation measures identified in the FEIR to the conditional use authorization.


14. On September 16, 2008, the Agency Commission adopted Resolution No. 111-2008, wherein it adopted findings in accordance with CEQA that the Amended and Restated Loan Agreement for Phase I Predevelopment and Construction of Very Low-Income Rental Units was an Implementing Action for construction of the Project, pursuant to the approvals granted by the Planning Commission.
15. 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.
16. 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.
17. 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.
18. 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.
19. On March 15, 2011, pursuant to Resolution No. 31-2011, the Agency Commission authorized the execution and delivery of a multifamily housing revenue note in the aggregate principal amount not to \$41,000,000.
20. Further, on March 15, 2011, pursuant to Resolution No. 32-2011, the Agency Commission authorized a Second Amendment to the Second Amended and Restated Loan Agreement 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.

21. Also on March 15, 2011, pursuant to Resolution No. 33-2011, the Agency Commission authorized an Agency Payment Obligation with HV Partners 1, L.P., a California limited partnership, and Citibank, N.A., a National Banking Association, to guarantee an amount up to \$9,631,762 in construction loan payments to Citibank, N.A.
22. The Developer now wishes to execute a Phase II-III Rental Loan Agreement ("Phase II-III Rental Loan Agreement") in an amount not to exceed \$31,406,982, for predevelopment and construction of the remaining rental housing units associated with the Hunters View revitalization project.
23. Agency staff has determined the execution of the Phase II-III Rental Loan Agreement is another Implementing Action for construction of the project, pursuant to the approvals granted by the Planning Commission. Staff finds that the Implementing Action will not change the scope of the Project analyzed in the FEIR and no additional environmental review is required.
24. Staff in making the necessary findings for the Implementing Action contemplated herein, considered and reviewed the FEIR. Documents related to the Implementing Action and the FEIR have been and continue to be available for review by the Agency Commission and the public and are part of the record before the Agency Commission.

## **RESOLUTION**

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco that (1) it has reviewed and considered the FEIR and hereby adopts the CEQA findings set forth in Resolution No. 111-2008 incorporated herein and those set forth above; and (2) the Executive Director is authorized to execute a Phase II-III Rental Loan Agreement with Hunters View Associates, L.P., a California limited partnership, substantially in the form lodged with the Agency General Counsel, in an aggregate amount not to exceed \$31,406,982 and making environmental findings pursuant to the California Environmental Quality Act; in conjunction with the Phase II-III construction of very low and low income rental units, Hunters View Housing development, Middle Point and West Point Roads; Bayview Hunters Point Redevelopment Project Area; Citywide Tax Increment Housing Program.

**APPROVED AS TO FORM:**

  
James B. Morales  
Agency General Counsel