

RESOLUTION NO. 49-2011

Adopted April 19, 2011

AUTHORIZING A GROUND LEASE AGREEMENT WITH THIRD & LECONTE ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, FOR THE DEVELOPMENT OF 73 UNITS OF VERY LOW-INCOME SUPPORTIVE RENTAL HOUSING, 1075 LECONTE AVENUE (FORMERLY KNOWN AS 6600 THIRD STREET); BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA

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. The Agency desires to encourage the development of residential rental developments as affordable housing by lending or expending tax increment housing set-aside funds for such developments and by providing developers with site control necessary for such developments in the form of long-term ground leases.
3. 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 & LeConte Associates, L.P., a California limited partnership ("Developer"). The loans, together totaling \$4,887,059, were funded under the Tax Increment Affordable Housing Fund for the purpose of acquiring 6600 Third Street (now known as 1075 LeConte Avenue) ("Site") and developing 73 units of supportive rental housing for low- and very-low income residents ("Project").
4. 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 Developer'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 Developer's new limited partner.
5. On March 1, 2011, by Resolution No. 21-2011, the Agency Commission approved the transfer of \$572,265 from the Predevelopment Loan to the Acquisition Loan so that the Acquisition Loan accurately reflected the full value of land-related costs associated with the Site. By Resolution No. 23-2011, the Agency Commission further approved a permanent loan agreement with Developer in the amount of \$17,149,956, a value inclusive of previously disbursed predevelopment funds.


6. The Acquisition Loan includes a provision requiring Developer to hold fee title for the Site in trust for the Agency until the time of the Project's construction loan closing. It obligates Developer to transfer the Site to the Agency at the closing as full repayment of the Developer's Acquisition Loan debt, and requires Developer and Agency's execution of a long-term ground lease agreement under which Developer would develop the Project and own and operate the Site's improvements.
7. Developer is scheduled to submit an application to the California Tax Credit Allocation Committee ("CTCAC") in July 2011. A successful CTCAC application will be the final financing prerequisite to securing a limited partner investor for the Project and commencing construction. Given the competitiveness of the CTCAC process and the relatively short deadline following the tax credit allocation award by which the Developer must finalize its investor partnership agreement and close the construction loan, the Developer and Agency seek to finalize all Agency requirements for the Project (including approval of the Ground Lease) in advance of the CTCAC application.
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 is an action in furtherance of the Project that will not independently result in a significant impact on the physical environment, 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 Ground Lease Agreement with Third and LeConte Associates, L.P., a California limited partnership, for the development of 73 units of very low-income supportive rental housing at 1075 LeConte Avenue, 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 transaction authorized by this Resolution, in forms to be approved by the Agency General Counsel.

APPROVED AS TO FORM:



Ser. James B. Morales 4/13/11
Agency General Counsel