

Commission on Community Investment and Infrastructure

RESOLUTION NO. 63-2014

Adopted August 5, 2014

AUTHORIZING AN AMENDED AND RESTATED LOAN AGREEMENT WITH MISSION BAY BLOCK 7 HOUSING PARTNERS, LP, A CALIFORNIA LIMITED PARTNERSHIP (CONSISTING OF THE RELATED COMPANIES OF CALIFORNIA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, AND CHINATOWN COMMUNITY DEVELOPMENT CENTER, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION), FOR A TOTAL AGGREGATE LOAN AMOUNT OF \$16,975,000, FOR THE DEVELOPMENT OF A 200 UNIT LOW-INCOME AFFORDABLE FAMILY RENTAL HOUSING (INCLUDING TWO MANAGER'S UNITS) DEVELOPMENT AT 588 MISSION BAY BOULEVARD NORTH (BLOCK 7 WEST), AND ADOPTING FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

WHEREAS, In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, section 33000 *et seq.* the "CRL"), the former San Francisco Redevelopment Agency (the "Agency") undertook programs for the reconstruction and construction of blighted areas in the City and County of San Francisco; and,

WHEREAS, In accordance with the CRL, the City, acting through its Board of Supervisors, approved a Redevelopment Plan for the Mission Bay South Redevelopment Project Area (the "Project Area") by Ordinance No. 335-98 adopted on November 2, 1998. The Redevelopment Plan is referred to as the "Mission Bay South Redevelopment Plan." In cooperation with the City, the Agency was responsible for implementing the Mission Bay South Redevelopment Plan; and,

WHEREAS, The Mission Bay South Redevelopment Plan provides for the redevelopment, construction and revitalization of the area generally bounded by the China Basin Channel, Seventh and Mariposa Streets, and the San Francisco Bay and containing approximately 238 acres of land. The Mission Bay South Redevelopment Plan anticipates and describes a mixed-use development comprised of public open space, retail, commercial, entertainment uses, and parking and loading uses; and,

WHEREAS, The Mission Bay South Owner Participation Agreement (the "OPA") between the Agency and FOCIL-MB, LLC (the "Master Developer") provides that the Master Developer will contribute land to the former Agency, at no cost, for the development of affordable housing and the Agency will oversee the development of up to one thousand four hundred forty-five (1,445) affordable housing units in the Project Area; and,

WHEREAS, Pursuant to the State redevelopment dissolution law known as AB X1 26, which was subsequently amended under AB 1484 (together, the "Dissolution Law"), the former Agency was dissolved as of February 1, 2012; and,

WHEREAS, On October 2, 2012 the San Francisco Board of Supervisors, acting as legislative body of the Successor Agency, passed Ordinance 215-12, which outlined the rights and responsibilities of OCII as the Agency's successor agency, including but not limited to the retained existing enforceable obligations for the development of affordable housing required for the Project Area. Accordingly, under Ordinance 215-12 and Dissolution Law, OCII has the obligation and authority to provide the Funds for the Project; and,

WHEREAS, The University of California San Francisco ("UCSF") and the Agency entered into a Disposition and Development Agreement for Block 7 East in the Project Area, on October 18, 2005 (the "2005 DDA") to develop affordable housing with occupancy preferences for UCSF employees. The Agency and UCSF entered into a second Disposition and Development Agreement on March 18, 2010 to, among other things, develop affordable housing on Block 7 West (the "2010 DDA," and together with the 2005 DDA, the "DDA"). UCSF paid \$5 million in liquidated damages pursuant to the 2005 DDA on June 4, 2013, which terminated UCSF's rights to Block 7E; and,

WHEREAS, Mission Bay Block 7 Housing Partners, L.P., a California Limited Partnership (the "Developer" or "Borrower") wishes to ground lease Block 7 West, as modified by a lot line adjustment between Block 7 West and Block 7 East (the "Lot Line Adjustment") (the "Site"), and develop, own and operate an affordable housing project with approximately 198 residential units that shall be affordable on average up to 60% of Area Median Income (the "Residential Space") and approximately 10,000 square feet of retail space thereon (the "Commercial Space," and together with the Residential Space, the "Project"). In connection therewith: (i) the 2005 DDA has been terminated; (ii) the 2010 DDA has been assigned from UCSF to Borrower; (iii) UCSF will make a payment of \$2,400,000 to OCII in lieu of the liquidated damages payment required under the 2010 DDA; and (iv) the 2010 DDA has been amended and restated (the "Amended Housing Project DDA"); and,

WHEREAS, The Citywide Affordable Housing Loan Committee reviewed staff's evaluation of the request for funding at its meeting on June 3, 2011 and approved up to \$3,600,000 in predevelopment funding. On June 18, 2013 the Office of Community Investment and Infrastructure ("OCII") Commission, pursuant to Resolution No. 30-2013, authorized a predevelopment loan to the Borrower of up to \$2,000,000 of Mission Bay Restricted Tax Increment funds (the "Predevelopment Loan Agreement") subject to certain terms and conditions; and,

WHEREAS, On June 3, 2014, the Citywide Affordable Housing Loan Committee reviewed and approved an additional \$13,375,000 financing request, for a total of \$16,975,000 in OCII funding (the "Funds"). The Funds are therefore comprised of the \$2,000,000 in the Predevelopment Loan Agreement, \$1,600,000 in

additional predevelopment funding which will be made available to the Borrower prior to the start of construction, and \$13,375,000 for construction period activities (the "Gap Funding"); and,

WHEREAS, Under Resolution No. 11-2012 adopted by the City's Oversight Board as of August 28, 2012, this Loan was approved by the Oversight Board as part of the Recognized Obligation Payment Schedule for the January 1, 2013 to June 30, 2013; and,

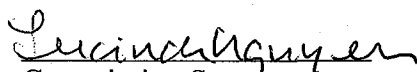
WHEREAS, Upon completion of the Project, OCII intends to transfer the affordable housing loan obligation, asset, and ground lease to MOHCD as the designated Successor Housing Agency of the City and County of San Francisco under Board Resolution 11-12, as required by Dissolution Law; and,

WHEREAS, At the time OCII transfers OCII's interests to MOHCD, the Executive Director of OCII has authority to seek approval of the OCII Oversight Board; and

WHEREAS, The Amended and Restated Loan Agreement will provide funding for additional predevelopment work and Gap Funding associated with the development of the Project, and staff has reviewed the Loan and finds it to be within the scope of the project analyzed in the FSEIR (per the California Environmental Quality Act) and addenda and no additional environmental review is needed, be it

RESOLVED, The Office of Community Investment and Infrastructure finds and determines that the Executive Director is authorized to enter into an Amended and Restated Loan Agreement, substantially in the form approved by the City Attorney, with Mission Bay Block 7 Housing Partners, L.P., a California limited partnership, in a total aggregate amount not to exceed \$16,975,000, for predevelopment work and gap funding for the development of an affordable housing project with approximately 200 residential units that shall be affordable on average up to 60% of Area Median Income and approximately 10,000 square feet of retail space thereon (Assessor's Block 8711, Lot 31 and a portion of Lot 32) in the Mission Bay South Redevelopment Project Area and furthermore is authorized to enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

I hereby certify that the foregoing resolution was adopted by the Commission on Community Investment and Infrastructure at its meeting of August 5, 2014.


Commission Secretary