OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08 – 2016

Adopted September 12, 2016

AUTHORIZING THE TRANSFER OF A HOUSING ASSET, THE TAX INCREMENT LOAN FOR 1036 MISSION STREET (ASSESSOR'S PARCEL BLOCK 3703, LOT 162), TO THE MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT AS HOUSING SUCCESSOR UNDER REDEVELOPMENT DISSOLUTION LAW

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 “Former Agency”) authorized the use of its tax increment funds for the construction of affordable housing within the City and County of San Francisco;

WHEREAS, The Mayor’s Office of Housing (now, the Mayor’s Office of Housing and Community Development (“MOHCD”) and the Former Agency, in collaboration with the Department of Public Health and the Human Services Agency, issued a Notice of Funding Availability for Acquisition and Predevelopment Financing for Affordable Rental Housing for Families in April of 2006, using monies taken in part from the Former Agency’s Low and Moderate Income Housing Fund. Tenderloin Neighborhood Development Corporation, a California non-profit public benefit corporation (“TNDC”), submitted an application that included a request for $5,500,000 for the acquisition of surface parking lot at 1036-1040 Mission Street, Block 3703, Lot 162 in San Francisco, California (the “Property”), and $76,250 towards closing costs, for a total acquisition funding request of $5,576,250. In addition, the Sponsor requested $223,750 in predevelopment funding. The total acquisition and predevelopment amount requested was $5.8 million. The evaluation panel members selected the proposal submitted by TNDC; and,

WHEREAS, By Resolution No. 167-2006, on December 19, 2006, the Former Agency Commission authorized the Former Agency Executive Director to enter into a Tax Increment Loan Agreement in an amount not to exceed $100,000 (the “SFRA Loan”) for the acquisition and predevelopment of 78 units of affordable rental housing to be constructed at the Property (the “Project”). The remaining $5,476,250 needed for acquisition was provided by MOHCD. MOHCD also provide predevelopment funding in the amount of $223,750, for a total MOHCD acquisition and predevelopment loan (“MOHCD Loan”) for $5.7 million; and,

WHEREAS, Pursuant to California Health and Safety Code §§ 34170 et seq. (the “Redevelopment Dissolution Law”), the Former Agency was dissolved as of February 1, 2012; and
WHEREAS, Pursuant to the Redevelopment Dissolution Law, and San Francisco Resolution 11-12 of the San Francisco Board of Supervisors (January 26, 2012), the City and County of San Francisco, acting through MOHCD, became the Housing Successor that is authorized to manage the Former Agency’s affordable housing assets and to exercise the Former Agency’s affordable housing functions; and

WHEREAS, Pursuant to the authority of the CRL as amended by the Redevelopment Dissolution Law, and San Francisco Ordinance No. 215-12 (Oct. 4, 2012), the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (commonly known as the Office of Community Investment and Infrastructure) (the “Successor Agency” or “OCII”) has been delegated authority to assume and complete the enforceable obligations of the Former Agency; and

WHEREAS, Pursuant to the Redevelopment Dissolution Law, MOHCD submitted a list of all transferred housing assets of the Former Agency, known as the Housing Asset Transfer list (“HAT”), which the California Department of Finance approved on September 7, 2012, and which the Oversight Board of the City and County of San Francisco confirmed by Resolution 54-2013 (November 19, 2013); and,

WHEREAS, The SFRA Loan is a “housing asset” that must be transferred to the Housing Successor under the Redevelopment Dissolution Law, but was not included on the HAT due to an administrative oversight, and remains in OCII’s ownership. OCII and MOHCD wish to resolve that oversight by assigning the SFRA Loan to MOHCD, who has always been the lead agency for the Project’s development funding and who, in accordance with its role as Housing Successor, will own the Property and lease it to TNDC (or its affiliate) for development of the Project; and

WHEREAS, On April 15, 2016, MOHCD committed a $14 million gap loan for the Project. Included in the gap loan are HOME funds from The U.S Dept. of Housing and Urban Development (“HUD”). These funds were set to expire at the end of July 2016. In order to encumber the funds from HUD before expiration, MOHCD funded the gap loan on July 28, 2016, and on the same date and at MOHCD’s request to facilitate funding of the gap loan, OCII subordinated the SFRA Loan to the MOHCD Gap Loan (“MOHCD Subordination”), as permitted by the SFRA Loan documents; and,

WHEREAS, On or about August 31, 2016, JP Morgan Chase Bank N.A. funded a construction loan for the Project and Wincopin Circle LLLP funded an equity investment in the Project, to which OCII executed, at MOHCD’s request, separate Subordination Agreements for the construction loan and investment (“Senior Loan Subordination Agreements”), as permitted by the SFRA Loan
documents. The Senior Loan Subordination Agreements ensure that the tax
credit investor will not pay taxes on the forgiveness of the SFRA Loan; and,

WHEREAS, The transfer of the SFRA Loan to MOHCD is an administrative activity
fulfilling statutory requirements under the Redevelopment Dissolution Law,
and as such is not a project subject to review under the California
Environmental Quality Act pursuant to Cal. Code Regs. Tit. 14 Sec
15378(b)(5); and,

WHEREAS, Pursuant to Redevelopment Dissolution Law, OCII now desires to assign the
SFRA Loan (as subordinated by the MOHCD Subordination and Senior Loan
Subordination Agreements) to MOHCD, as the designated Successor Housing
Agency of the City and County of San Francisco under the Board’s Resolution
No. 11-12; now therefore be it

RESOLVED, That the Oversight Board authorizes the Executive Director assign the SFRA
Loan (as subordinated by the MOHCD Subordination and Senior Loan
Subordination Agreements) to MOHCD, and 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 Oversight Board at its meeting
of September 12, 2016.

Oversight Board Secretary