RESOLUTION NO. 87-2000
ADOPTED JUNE 13, 2000

AUTHORIZING EXECUTION OF A TAX INCREMENT AFFORDABLE HOUSING PROGRAM LOAN IN AN AMOUNT NOT TO EXCEED $2,553,395 WITH GP/TODCO-A FOR THE REHABILITATION AND SEISMIC RETROFITTING OF THE DELTA HOTEL, 80-88 SIXTH STREET; SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA

BASIS OF RESOLUTION

1. California Redevelopment Law requires a Redevelopment Agency to put 20% of tax increment collected into housing loan funds for purposes of developing affordable housing.

2. The Agency of the City and County of San Francisco ("Agency") administers the tax increment funds for the Agency’s affordable housing projects.

3. The Delta Hotel is located at 80-88 Sixth Street ("Project"), in the Agency’s South of Market Earthquake Recovery Redevelopment Project Area ("Project Area").

4. The Delta Hotel suffered a major fire in August of 1997, causing significant damage to the building and displacing 216 low and very low-income tenants living in the building due to the loss of 180 units.

5. By Resolution No. 11-99 on January 1999, the Commission approved a CDBG Affordable Housing Program Loan of $2,300,401 with GP/TODCO-A, a California nonprofit housing developer ("Developer") to purchase the building to pay for predevelopment expenses including developing a renovation plan.

6. In order to meet various building code requirements and add community kitchens to the hotel, the Developer’s rehabilitation will result in 28 fewer units for a total of 152 affordable housing units.

7. By Resolution No. 238-99 on November 17, 1998, the Commission approved a Replacement Housing Plan for the Delta Hotel that describes how these units will be replaced within a four (4) year time period.

8. The Developer has applied to the Agency for $2,553,395 in tax increment funds for the rehabilitation and seismic retrofitting of the Delta Hotel.

9. The Agency staff recommends that the Agency lend the requested tax increment funds from the Housing Loan Fund to the Developer which will enable Developer to submit an application for 9% Low Income Housing Tax Credits to the California Tax Credit Allocation Committee by June 15, 2000 deadline.

10. $1,100,000 of the total $2,553,395 loan will be a bridge loan that will be repaid from the City of San Francisco’s Unreinforced Masonry Building (UMB) Seismic Safety Loan Program.
11. The Developer’s obligation will be evidenced by two promissory notes to reflect the amounts of $1,100,000 and $1,453,395.

12. The Citywide Affordable Housing Loan Committee has considered and recommends the approval of the loan of $2,553,395, to the Developer for the Project on June 2, 2000.

13. The Agency has determined that lending tax increment funds to Developer for the rehabilitation of the Project is consistent with its Mission Statement and the Project Area Redevelopment Plan. Developer’s rehabilitation of the Project will cure a major source of blight in the Project Area and will provide 152 units of affordable housing.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED that the Executive Director of the Redevelopment Agency of the City and County of San Francisco is authorized to execute a Tax Increment Affordable Housing Program Loan Agreement in an amount not to exceed $2,553,395, with GP/TODCO-A, a California nonprofit public benefit corporation, substantially in a form lodged with the Agency General Counsel.

APPROVED AS TO FORM:

[Signature]
Bertha A. Ontiveros
Agency General Counsel