RESOLUTION NO. 96-2000
ADOPTED JUNE 20, 2000

AUTHORIZING A FIRST AMENDMENT TO A MISSION BAY NORTH
AFFORDABLE HOUSING PROGRAM PREDEVELOPMENT LOAN
AGREEMENT IN AN AMOUNT NOT TO EXCEED $3,762,061 AND REVISE
THE SCHEDULE OF PERFORMANCE WITH MISSION HOUSING
DEVELOPMENT CORPORATION FOR THE DEVELOPMENT OF 100
RENTAL UNITS FOR VERY LOW INCOME HOUSEHOLDS ON PARCEL 2 OF
BLOCK N2; MISSION BAY NORTH REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco ("Agency")
is a public body organized and existing pursuant to California Health and Safety Code
Section 33000, et seq. (the "Law") and is authorized by Chapter 8, beginning at
California Health and Safety Code Section 33750, of the Law to finance residential
construction.

2. On June 29, 1999, the Commission authorized the Agency to enter into Exclusive
Negotiations with Mission Housing Development Corporation ("MHDC") leading to the
lease and development of Parcel 2 of Block N2 in the Mission Bay North Redevelopment
Project Area ("Site"). MHDC agreed to negotiate in good faith to enter into an agreement
for the disposition and development of the Site during the Exclusive Negotiation Period.
The development will provide affordable rental housing for 100 households earning 20%
to 50% of the Area Median Income ("AMI") or approximately $17,500 to $37,450 for a
family of four ("Project"). On August 6, 1999, the Citywide Affordable Housing Loan
Committee ("Loan Committee") recommended approval of a predevelopment loan of
$998,886 which loan was then approved by the Agency Commission on August 31, 1999.

3. MHDC is now requesting $4,427,782 in permanent financing in preparation for
submitting an application to the California Debt Limit Allocation Committee for tax
exempt bonds by July 5, 2000. The loan request also contains a request to modify the
Predevelopment Loan Agreement’s Schedule of Performance to provide additional time
for completion of the Project which is an attachment to the existing loan agreement.

4. At its meeting on June 9, 2000, the Loan Committee recommended the
Commission approve the loan with certain modifications, specifically that (a) the amount
of the loan be reduced by $665,721 for a new aggregate total of $3,762,061 in recognition
of MHDC’s decision to use a general contractor whose estimated cost is higher than the
amount staff considers is appropriate, and (b) MHDC be required to contribute this same
amount to the Project using its own resources. MHDC’s failure to accept in good faith
the terms and conditions of the Loan Agreement would result in a $4,427,782 gap in
financing, an inability to secure bond financing and negotiations for disposition and
development of the Site would not be completed by the date contemplated.

5. If it obtains an allocation of tax exempt bonds, MHDC will return to the Loan
Committee and to the Agency Commission for consideration of the following additional
actions: (1) approval of $1,850,000 in HOPWA funds, and (2) approval of a Section 8
Bond Repurchase Guaranty.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and
County of San Francisco that:

1. The Executive Director is authorized to (a) execute a First Amendment to the
Mission Bay North Housing Loan Agreement with Mission Housing Development
Corporation, a California nonprofit public benefit corporation, in an amount not to exceed
$3,762,061, revise the Schedule of Performance, subject to the satisfaction of the
financing and other Project related terms and conditions approved by the Citywide
Affordable Housing Loan Committee, substantially in the form lodged with the Agency
General Counsel, and (b) terminate Exclusive Negotiations with the Developer in the
event the Developer fails to execute the Loan Agreement by 12:00 noon on June 22,
2000.

2. In the event that Exclusive Negotiations with the Developer are terminated prior
to the execution of a ground lease agreement or other disposition agreement, the Loan
Agreement, along with all of the work paid for with Agency funds disbursed under the
Loan Agreement, shall be assigned to another developer to be selected by the Agency.

APPROVED AS TO FORM:

[Signature]
BERTHA A. ONTIVEROS
Agency General Counsel