

RESOLUTION NO. 102-2002

Adopted June 18, 2002

AUTHORIZING AN ASSIGNMENT AND ASSUMPTION AGREEMENT WITH BRIDGE HOUSING CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, TO PURCHASE REAL PROPERTY LOCATED AT 5600 THIRD STREET FOR \$9,750,000 AND RELATED COSTS, WITH THE TOTAL AMOUNT NOT TO EXCEED \$9,800,000, FOR THE DEVELOPMENT OF VERY LOW AND LOW INCOME RENTAL HOUSING AND LOW AND MODERATE INCOME FOR-SALE HOUSING; BAYVIEW HUNTERS POINT REDEVELOPMENT SURVEY AREA; CITYWIDE TAX INCREMENT HOUSING PROGRAM

1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq., the "Law"), the Redevelopment Agency of the City and County of San Francisco (the "Agency") undertakes programs for the reconstruction and rehabilitation of slums and blighted areas in the City and County of San Francisco (the "City").
2. On January 3, 1995, by Ordinance 026-94, the Board of Supervisors of the City adopted the Bayview Hunters Point Redevelopment Survey Area (the "Survey Area") in response to community concern over the physical and economic decline of the South Bayshore community for the purpose of conducting a study to determine if the formation of a redevelopment project area is warranted.
3. On February 10, 1997, the Board of Supervisors certified the election of the Bayview Hunters Point Project Area Committee (the "PAC"). The PAC worked with Agency staff to develop the Bayview Hunters Point Community Revitalization Plan (the "Plan"). The PAC adopted the Plan at its regular meeting in November 2000.
4. It is the mission of BRIDGE Housing Development Corporation, a California nonprofit public benefit corporation ("Developer"), to provide safe, decent and affordable rental and ownership housing in the Bay Area and Southern California.
5. On December 12, 2001, in furtherance of its mission, the Developer entered into an agreement with James Hutchison, Jacqueline Spiegl, Sara Fleischer, Robert Spiegl, Carin Pollack, Lori Spiegl, and Easton Hutchison ("Seller") to purchase approximately 3.14 acres at 5600 Third Street in the Survey Area (the "Site") for the purpose of redeveloping it as rental housing for very low and low income seniors and for-sale housing for low and moderate income households (the "Purchase Agreement").

6. The price established by the Purchase Agreement was originally \$10.2 million; however, after consultation with Agency staff, the Developer negotiated a reduction in the price to \$9.75 million, or approximately \$71 per square foot. This price is consistent with the price the Agency paid to acquire 4800 Third Street in December 2001.
7. The Developer has requested to enter into an Assignment and Assumption Agreement with the Agency for the Purchase Agreement (the "Assignment Agreement").
8. The Site contains 110,735 square feet of improvements, two one-story metal frame warehouse buildings and one one-story concrete warehouse building, which the Seller has leased to Kortick Manufacturing Company ("Tenant") for a term of six (6) months (the "Commercial Lease"). Pursuant to its terms as amended, the Commercial Lease is subject to termination by the Agency as of April 26, 2003.
9. The Developer intends to redevelop the Site as approximately 128 units of rental housing for very low and low income seniors with ground floor commercial space along with approximately 124 units of ownership housing for low and moderate income households on two parcels (the "Project").
10. In April 2002 the Developer submitted a request for \$10 million in acquisition funding and \$1,963,242 in predevelopment funding (the "Original Predevelopment Loan Request") to the Agency to acquire and redevelop the Site. While the Original Predevelopment Loan Request reflects the amount of capital reasonably required to fund predevelopment for a project of this size and complexity, the Agency's budget currently contains only a total of \$10 million for financing both acquisition and predevelopment activities. Based on the availability of Agency funds at this time and the need to use \$9.8 million to acquire the Site and pay for closing and related costs, BRIDGE reduced its loan request to the remaining \$200,000 (the "Revised Predevelopment Loan Request") to pay for a portion of the predevelopment work on the senior rental housing parcel, with the understanding that in the event that more Agency funds become available, BRIDGE would return to the Commission to request additional predevelopment funding up to the amount of the Original Predevelopment Loan Request. Bridge will need to identify additional funds to complete the predevelopment work for the entire Project in the event that additional Agency funds are not available. The Commission is considering approving the Revised Predevelopment Loan Request concurrently with this Resolution pursuant to Resolution No. 104-2002.
11. In order to pursue the Project, the Developer now wishes to enter into an Exclusive Negotiations Agreement (the "ENA") leading to a ground lease agreement providing for the redevelopment of the Site as the Project and the Commission is considering such action concurrently with this Resolution pursuant to Resolution No. 103-2002.

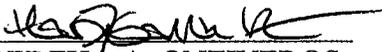
12. The Developer has met with the Housing Committee, the Land Use Committee and the Health and Environment Committee of the PAC. On April 18, 2002, the Developer described the Project to the full PAC at its regular meeting, and the PAC voted to endorse the Project concept and funding request subject to various conditions.
13. The Citywide Affordable Housing Loan Committee reviewed Agency staff's evaluation of the request for funding (the "Loan Evaluation") at its meeting on April 19, 2002, and recommended that the Agency Commission approve the Developer's Revised Loan Request as well as enter into the ENA and the Assignment Agreement.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director or her designee is authorized to:

1. Enter into an Assignment and Assumption Agreement with BRIDGE Housing Corporation, a California nonprofit public benefit corporation, for the purchase of real property located at 5600 Third Street in the amount of \$9,750,000 and related costs including \$50,000 in closing costs and related costs for a total amount not to exceed \$9,800,000, in conjunction with the development of very low and low income rental housing with ground floor commercial space and for-sale family housing within the Bayview Hunters Point Redevelopment Survey Area, as part of the Citywide Tax Increment Housing Program, substantially in the form lodged with Agency General Counsel; and
2. Enter into any and all ancillary documents or take any additional actions necessary to consummate the transactions authorized by this Resolution, in forms to be approved by the Agency General Counsel.

APPROVED AS TO FORM:



BERTHA A. ONTIVEROS
Agency General Counsel