

RESOLUTION NO. 148-2003

Adopted September 16, 2003

AUTHORIZING TWO TAX INCREMENT CAPITAL LOAN AGREEMENTS, ONE IN AN AMOUNT NOT TO EXCEED SEVENTEEN MILLION FORTY THOUSAND FOUR HUNDRED TWENTY NINE DOLLARS (\$17,040,429) AND ANOTHER IN AN AMOUNT NOT TO EXCEED FOUR HUNDRED FIFTY ONE THOUSAND SIXTY NINE DOLLARS (\$451,069) WITH MERCY HOUSING CALIFORNIA XX, A CALIFORNIA LIMITED PARTNERSHIP, IN CONJUNCTION WITH THE DEVELOPMENT OF 139 UNITS OF VERY LOW INCOME SENIOR RENTAL HOUSING (PLUS ONE MANAGER'S UNIT) AT THE MISSION CREEK SENIOR COMMUNITY, 201 BERRY STREET; MISSION BAY NORTH REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*, the "Law"), 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 September 17, 1998, the Agency Commission approved the Mission Bay North and South Redevelopment Plans and Owner Participation Agreements ("OPAs") with Catellus Development Corporation ("Catellus"). The OPAs require that approximately 1,700 of the 6,000 housing units be affordable to low and moderate income households. Catellus is obligated to create approximately 255 affordable units as part of its development plans. The remaining 1,445 units will be developed by nonprofit housing developers selected by the Agency on approximately 16 acres of land that Catellus is required to contribute to the Agency. The 16 acres are composed of 3.8 acres in Mission Bay North and 12.2 acres in Mission Bay South. Catellus is generally required to contribute land to the Agency as it proceeds with its own developments.
3. The Agency's Mission Bay Affordable Housing Policy (the "Policy"), also approved by the Commission on September 17, 1998, states that the Agency will select nonprofit developers for these sites through a Request For Qualifications ("RFQ") process. The RFQ for Parcel 1 of Block N3a ("Site") was developed in consultation with the Director of the Mayor's Office of Housing and in compliance with the City's affordable housing goals, as required by the Policy.
4. On August 15, 2000, the Agency Commission approved Catellus Development Corporation's Major Phase Application for Blocks N3-N4a in the Mission Bay North Redevelopment Project Area. Pursuant to the terms of the Mission Bay

North Owner Participation Agreement (“OPA”) between the Agency and Catellus, the Site then became available for the Agency to select a developer.

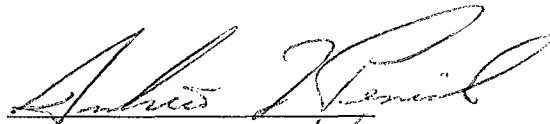
5. At its meeting on January 16, 2001, the Agency Commission authorized the Agency Executive Director to enter Exclusive Negotiations with Mercy Housing California and further authorized an Exclusive Negotiations Agreement (the “Agreement”) with Mercy Housing California to clarify the obligations it must fulfill to remain in Exclusive Negotiations leading to the execution of a Ground Lease Agreement and the development of the Site.
6. In 1999, the Agency received \$1.4 million from the California Housing Finance Agency (“CHFA”) Housing Enabled Local Partnerships (“HELP”) Program for the purpose of creating a revolving loan fund to fund predevelopment and pre-construction costs incurred by developers of Agency Affordable Housing Parcels in Mission Bay. In 2001, the Agency received an additional \$1.5 million so that a total of \$2.9 million is available. The HELP Funds would be loaned through the end of construction at which time the Agency will substitute other Mission Bay Funds so that the HELP Funds will be available to lend to the next Agency Mission Bay affordable housing parcel.
7. On September 10, 2001, Mercy Housing California requested a Mission Bay North Housing Loan to pay for predevelopment and pre-construction associated with the Project.
8. At its meeting of November 6, 2001, the Commission recommended approval of a Mission Bay North Housing Loan Agreement for \$1,966,515 subject to the terms and conditions listed in the Loan Evaluation.
9. On February 21, 2003, Mercy Housing California requested additional predevelopment funding to pay for costs associated with the elimination of the nonprofit office space and the subsequent redesign.
10. On April 22, 2003, the Commission approved \$752,990 in additional funding for an aggregate total of \$2,719,505.
11. On August 25, 2003, Mercy Housing California requested Seventeen Million Forty Thousand Four Hundred Twenty Nine dollars (\$17,040,429) in construction and permanent loan funds for the development of the Site. The Citywide Loan Committee reviewed the request for additional loan funds on September 5, 2003 and recommended that the Commission approve the request.
12. On August 25, 2003, Mercy Housing California also requested tax increment funding for a hazardous materials mitigation loan in an amount not to exceed Four Hundred Fifty One Thousand Sixty Nine dollars (\$451,069). This loan will reimburse Mercy for environmental remediation work being done at the project site. Under the Owner Participation Agreement, Catellus will then reimburse the Agency for these costs.

13. Mercy Housing California will assign all of its rights in the Site to Mercy Housing California XX, a California Limited Partnership. The Agency will enter into the loan agreements directly with Mercy Housing California XX.
14. The Agency now desires to execute these two Tax Increment Loans to assist Mercy Housing California XX in the development of the project.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to enter into two Tax Increment Capital Loan Agreements, one in an amount not to exceed \$17,040,429, and another in an amount not to exceed \$451,069, with Mercy Housing California, XX, a California limited partnership, to pay for construction expenses and permanent financing related to the development of 139 units (plus one manager's unit) of affordable senior rental housing, and related community space and to pay for hazardous materials mitigation, substantially in the form lodged with Agency General Counsel; and enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

APPROVED AS TO FORM:



for. James B. Morales 9/11/03
Agency General Counsel