RESOLUTION NO. 174-2003

Adopted November 18, 2003

AUTHORIZING A FIRST AMENDMENT TO A TAX INCREMENT LOAN AGREEMENT WITH MERCY HOUSING CALIFORNIA, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED $5,275,514, TO MODIFY CERTAIN TERMS, IN CONJUNCTION WITH THE ACQUISITION, PREDEVELOPMENT, AND CONSTRUCTION OF APPROXIMATELY 57 VERY LOW INCOME FAMILY RENTAL UNITS AT 227-255 SEVENTH STREET (BATMALE SITE); SOUTH OF MARKET EARTHQUAKE RECOVERY 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 seg., (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. Pursuant to the Law, the Board of Supervisors of the City (the “Board”) established the South of Market Earthquake Recovery Redevelopment Project Area (the “Project Area”) and adopted the South of Market Earthquake Recovery Redevelopment Plan (as amended, the “Redevelopment Plan”).

3. The Agency is authorized pursuant to the Law to increase and maintain the affordability of the housing stock in the City for affordability by very-low, low and moderate-income households and to develop commercial, public or other structures or spaces as may be appropriate or necessary in the interest of the general welfare.

4. Mercy Housing California, a California nonprofit public benefit corporation (“MHC” or “Borrower”), and the South of Market Health Center, a California nonprofit public benefit corporation (“SOMHC”), plan to develop approximately 57 units of affordable family housing and a 20,000 square foot neighborhood health clinic (the “Project”) at 227-255 Seventh Street, (the “Site”), within the Project Area.

5. SOMHC and MHC (together the “Partnership”) have entered into a purchase agreement with the current owner of the Site, the living Trust of Wayne and Therese Batmale (the “Owner”).
6. On March 18, 2003, by Resolution Number 39-2003, the Agency authorized a Tax Increment Affordable Housing Program Loan of $5,275,514 (the “Agency Loan”) to MHC for acquisition and predevelopment costs related to developing affordable housing at the Site.

7. Under the terms of the purchase agreement with the Owner, the Partnership must purchase the Site by December 1, 2003.

8. The Site is occupied by two commercial tenants and generates $267,114 in commercial lease revenue and MHC has asked that a proportionate share of the lease revenue be used to pay for some of the development costs related to the housing.

9. When the Site is purchased on December 1, 2003, the Agency Loan will be secured by a deed of trust against the property.

10. MHC has requested that the existing note (the “Note”) for the Agency Loan be amended to make the Note non-recourse to the Borrower.

11. The Agency now desires to amend the Agency Loan and the Note as requested by the Borrower.

**BASIS FOR 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 a First Amendment to the Tax Increment Loan Agreement with Mercy Housing California, a California nonprofit corporation, in an amount not to exceed $5,275,514, for the acquisition, predevelopment, and construction of approximately 57 very low income family rental units at 227-255 Seventh Street (Batmale Site) in the South of Market Earthquake Recovery Redevelopment Project Area, substantially in the form lodged with the Agency General Counsel.

**APPROVED AS TO FORM:**

[Signature]
James B. Morales
Agency General Counsel