RESOLUTION NO. 30-2004

Adopted March 2, 2004

AUTHORIZING AN AMENDED AND RESTATE DISPOSITION AND DEVELOPMENT AGREEMENT AND A FIRST AMENDMENT TO THE REGULATORY AND GRANT AGREEMENT WITH THE JAPANESE AMERICAN RELIGIOUS FEDERATION ASSISTED LIVING FACILITY, INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, TO INCREASE THE GRANT BY AN AMOUNT NOT TO EXCEED $1,267,865 FOR A TOTAL AGGREGATE AMOUNT OF $4,026,151, IN CONJUNCTION WITH THE DEVELOPMENT OF A 54-UNIT SENIOR ASSISTED LIVING FACILITY, 1881 BUSH STREET; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco ("Agency") and the Japanese American Religious Federation Assisted Living Facility, Inc., a California nonprofit public benefit corporation ("Developer"), are parties to a Disposition and Development Agreement ("DDA") dated July 22, 1997, pursuant to which Developer is to purchase and develop a historic building and an adjacent site, located at 1881-1899 Bush Street on Agency Disposition Parcels 674 C & F, for a 54-unit assisted living facility for frail elderly persons.

2. On October 26, 1999, by Resolution No. 164-99, the Agency Commission approved grant and loan funds in an amount not to exceed $2,905,555 for the acquisition, rehabilitation and development of the project consisting of a loan for $1,680,555 pursuant to the terms and conditions of a Tax Increment Affordable Housing Loan Agreement and a grant for $1,225,000 pursuant to terms and conditions of a Grant and Regulatory Agreement.

3. Due to construction cost increases resulting from the expiration of the general contractor's original bid and the additional time needed to meet requirements of the U.S. Department of Housing and Urban Development ("HUD"), in April 2001 the Developer requested and the Agency approved an additional grant of $1,381,000 to complete the project's financing requirements.

4. On December 20, 2000, a parcel map merged the two contiguous lots into one lot (Lot 33 of Assessor's Block 674) that contains approximately 12,732.5 square feet. On June 12, 2001, the Agency recorded the Deed, which conveyed ownership title of the new lot to the Developer, and construction began shortly thereafter.

5. Due to the extraordinary cost to rehabilitate the historic temple building and integrate it with new constructed addition, the cost to complete the project was in excess of the original budget. On November 28, 2003, the Developer requested an additional grant to pay for the project cost overruns and to support the first two years of operations when the cash flow is expected to be insufficient to support the debt service on the project. The additional funds will allow the Developer to
fund the construction cost overruns; furniture, fixtures and equipment; major and minor movables; additional insurance premiums; a hazardous materials tax required by the State of California ("State"); replenishment of the replacement reserves; and; the funding of the operating deficit required by HUD. The Developer provided a cost summary that reflected the complexities of renovating a century-old temple building in disrepair while meeting the historic preservation and Federal Emergency Management Agency requirements.

6. Staff has reviewed the materials submitted by the Developer and established that $1,267,865 of the request is qualified for funding.

7. On February 6, 2004, the Developer's grant application was presented to the Agency's Executive Director, who recommends authorization of the grant.

8. On February 12, 2004, the consideration of the grant request was presented to the Western Addition Citizens Advisory Committee, who unanimously approved the request.

9. The Developer has confirmed that the balance of the grant request will be funded through additional fundraising campaigns.

10. The Agency desires to amend and restate the DDA to incorporate all of the provisions of the first eight amendments to the DDA.

11. The Agency has tax increment funds available for funding the costs overruns in the form of a grant to the Developer.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute the Amended and Restated Disposition and Development Agreement and a First Amendment to the Regulatory and Grant Agreement with the Japanese American Religious Federal Assisted Living Facility, Inc., a California nonprofit public benefit corporation, and authorize an increase in the tax increment grant in an amount not to exceed $1,267,865, for a total authorized tax increment grant of $4,026,151, for development of Kokoro Assisted Living Facility at 1881 Bush Street, located at 1881 Bush Street, the southeast corner of Bush and Laguna Streets, in a form substantially in the form lodged with the Agency General Counsel, and with any changes that do not materially affect the substance of the DDA and grant or materially increase the obligations of the Agency, and to execute any and all other conveyance instruments necessary to effectuate the proposed Amended DDA and grant.

APPROVED AS TO FORM:

[Signature]

James B. Morales
Agency General Counsel