RESOLUTION NO. 152-2005

Adopted October 4, 2005

CONDITIONALLY APPROVING A SCHEMATIC DESIGN AND MAKING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT FOR MERCY HOUSING CALIFORNIA XIV’s, A CALIFORNIA LIMITED PARTNERSHIP, 10TH AND MISSION FAMILY HOUSING PROJECT LOCATED AT 10TH AND MISSION STREETS, BLOCK 3508, LOTS 26 AND 27; MID-MARKET REDEVELOPMENT SURVEY AREA

BASIS FOR RESOLUTION

1. Mercy Housing California, a California nonprofit public benefit corporation (“MHC”), and Mercy Housing California XIV, a California limited partnership (the “Developer”), intend to develop the underutilized real property located at 10th and Mission and 9th and Jessie Streets, Block 3508, Lots 51, 26 and 27 in San Francisco (the “Site”), in the Mid-Market Redevelopment Survey Area. The Redevelopment Agency of the City and County of San Francisco (the “Agency”) owns the Site pursuant to the assignment and assumption of a ground lease with an option to purchase the Site between the Developer, together with Mercy Housing, Inc., a Nebraska not for profit corporation, and the previous owner of the Site, VILO Properties, Inc., a California corporation, and Victor Honig and Lorraine Honig, as Trustees of the Honig 1986 Family Trust (collectively, the “Previous Owner”).

2. On March 16, 2004, pursuant to Resolution Nos. 36-2004 and 37-2004, the Commission approved a loan in an amount not to exceed SEVEN MILLION EIGHT HUNDRED SIXTY-FIVE THOUSAND NINE HUNDRED FIFTY-FIVE and NO/100 DOLLARS ($7,865,955.00) under the Tax Increment Affordable Housing Fund (the “Loan”) to the Developer and a grant in an amount not to exceed THREE MILLION FIVE HUNDRED SEVENTY-TWO THOUSAND TWO HUNDRED FOURTEEN and NO/100 DOLLARS ($3,572,214.00) (the “Grant”) to MHC, for the holding costs and acquisition of the Site, and predevelopment activities related to the development of a family affordable housing project on a portion of the Site (the “Family Parcel”) and a senior affordable housing project on the remaining portion of the Site (the “Senior Parcel”).

3. The Loan is for the acquisition, holding and predevelopment of 134 units of affordable family housing for very low-income families who are at or below 50 percent of Area Median Income, and a manager’s unit on the Family Parcel (the “Project”). The Grant is for the acquisition, holding costs and predevelopment of 107 affordable housing units for very low-income seniors (62 years or older) who are at or below 50 percent of Area Median Income, per the U.S. Department of Housing and Urban Development Section 202 project guidelines and one manager’s unit on the Senior Parcel.
4. On January 18, 2005, by Resolution No. 1-2005, the Commission approved a First Amendment to the Loan Agreement with a revised Schedule of Performance to reflect a redesign process for the Project that the Developer completed with input from Agency and the City and County of San Francisco (the “City”) Planning Department staff.

5. The Developer requested that the Agency take ownership of the Site earlier than originally anticipated, and the Agency agreed to take ownership. On March 15, 2005, by Resolution Nos. 51-2005 and 52-2005, the Commission approved the acquisition of the Site directly from the Previous Owner, Options to Ground Lease the Family Project site and the Senior Project site, Ground Leases for the Family Parcel and the Senior Parcel, and a Management Agreement with MHC for management of the Site, including the Senior Project site, and a Second Amendment to the Loan Agreement reducing the Loan amount to ONE MILLION FIVE HUNDRED SIXTY-FIVE THOUSAND NINE HUNDRED FIFTY-FIVE and NO/100 DOLLARS ($1,565,955.00) and a Second Amendment to the Grant reducing the Grant amount to EIGHT HUNDRED SEVENTY-TWO THOUSAND TWO HUNDRED FOURTEEN and No/100 DOLLARS ($872,214.00) to reflect the Agency’s acquisition of the Family Parcel and the Senior Parcel. The Agency acquired the Site on March 31, 2005.

6. On October 4, 2005, the Developer requested and the Commission approved a loan in an amount not to exceed TWENTY FIVE MILLION TWO HUNDRED FIFTY-EIGHT THOUSAND THREE HUNDRED EIGHTY-THREE AND NO/100 DOLLARS ($25,258,383) for the development and construction of the Family Project for a total aggregate amount not to exceed TWENTY SIX MILLION EIGHT HUNDRED TWENTY-FOUR THOUSAND THREE HUNDRED THIRTY-EIGHT AND NO/100 DOLLARS ($26,824,338).

7. The Developer has selected Kaplan McLaughlin Diaz and Kodama Diseno as architects for the Project. The architects developed the Schematic Design for the Project.

8. Agency staff recommends approval of the Schematic Design, subject to a satisfactory resolution of the following design concerns during the next phase of work:
   - Along 10th Street, the design of the street-level retail windows requires further study by the architects to address the need for multiple retail entrances, greater retail visibility and a stronger entry identity for the community center. The architects have also proposed that the storefront be designed by an artist as part of the project overall public arts program;
   - The architects may delete one set of bay windows along 10th Street and submit revised drawings for Agency staff review and approval;
   - The architects have proposed several multi-color schemes for the exterior of the building. The development team shall continue to meet with the Agency to finalize the building colors;
- At Mission Street, detail design of the stair tower's top and base requires further study to incorporate lighting and an exit door;
- Conduct design studies to strengthen the presence of the residential entrance along Mission Street. Its design shall be appropriately integrated into the design of the residential façade at Mission Street;
- The rooftop terraces at the 3rd and 9th floors are potential useable outdoor spaces for the residents. The architects shall submit revised floor plans showing access to the terraces from the adjacent lounges;
- Along Jessie Street, conduct design studies of the window pattern and the use of colors to modulate the lengthy building façade;
- Revise the Ground Floor Plan to incorporate the required building and retail services (such as an appropriately placed trash room for the commercial spaces and youth activities center);
- At the east wall which is perpendicular to Jessie Street, explore the opportunity of providing windows for the residential units to capture the views and sun exposure from the east;
- Conduct further studies of all the courtyard facades to incorporate bay windows and/or other building elements to achieve visual interest as seen from Mission and 9th Streets;
- Glass fiber reinforced concrete has been considered as the primary building material. Further discussions between the architects, Developer and Agency staff is necessary to finalize the choice of building materials;
- Further study of the garage and terrace elements is necessary with possible public art opportunity on the Jessie Street elevation;
- For ventilation purposes, study different screening options for the Jessie Street garage entrances and garage walls; and
- Finalize the landscape design for the terraces including further study of the planting screens facing Jessie Street.

9. Based on the analysis contained in the Mitigated Negative Declaration for the Project, as approved by the City’s Planning Commission on June 10, 2004, pursuant to Motion No. 16813, Agency staff requests that the Commission adopt a finding in accordance with the California Environmental Quality Act that the Project will not have a significant effect on the environment, provided that the mitigation measures specified in the Mitigated Negative Declaration are implemented. Agency staff has excerpted those mitigation measures from the Mitigated Negative Declaration and incorporated them into the Loan Agreement, which mitigation measures the Developer will implement as a condition of the Loan Agreement.
RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Schematic Design for the project proposed by Mercy Housing California XIV, a California limited partnership, for the development on Block 3508, Lots 26 and 27, bounded by 10th, Mission, and Jessie Streets in the Mid-Market Redevelopment Survey Area is conditionally approved in the form submitted by the Developer, subject to findings under the California Environmental Quality Act and subject to resolution of the conditions of approval set forth above and in the Commission memorandum dated October 4, 2005, to the satisfaction of the Agency during the next phase of work and provided that such refinements do not alter the Schematic Design.

APPROVED AS TO FORM:

[Signature]

James B. Morales
Agency General Counsel