

RESOLUTION NO. 68-2006

Adopted May 16, 2006

AUTHORIZING A REGULATORY AND GRANT AGREEMENT IN AN AMOUNT NOT TO EXCEED \$2,035,691; A TAX INCREMENT LOAN AGREEMENT IN AN AMOUNT NOT TO EXCEED \$1,922,162; AND A LEASE OPTION AGREEMENT WITH WEST BAY HOUSING CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, AND SATELLITE HOUSING, INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, FOR THE DEVELOPMENT OF VERY LOW-INCOME RENTAL HOUSING ON CENTRAL FREEWAY PARCEL Q, SOUTHWEST CORNER OF OCTAVIA BOULEVARD AND OAK STREET; CITYWIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

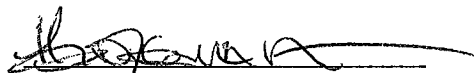
1. On November 19, 2004, the Redevelopment Agency of the City and County of San Francisco ("Agency") purchased Central Freeway Parcel Q from the City and County of San Francisco ("City") for the express purpose of developing affordable housing.
2. On September 9, 2005, the Agency issued a Request for Proposals ("RFP") for the construction, ownership, and operation of 15 units of affordable housing for disabled individuals and their families on Central Freeway Parcel Q. The RFP sought high-quality proposals from experienced development teams comprised of a developer, architect, service provider and property manager.
3. Two development teams submitted proposals, both of which met the minimum requirements defined in the RFP. An interdisciplinary evaluation panel reviewed the proposals and interviewed the development teams. The teams then presented their proposals at a public town hall meeting on February 7, 2006.
4. The Evaluation Panel determined that the submittal presented by the joint-venture team of West Bay Housing Corporation, a California nonprofit public benefit corporation, and Satellite Housing, Inc., a California nonprofit public benefit corporation (together, "West Bay/Satellite" or "Developer") offered the best development program for Parcel Q.
5. The Developer intends to construct approximately 15 affordable housing units (including one manager's unit) for very low-income developmentally disabled adults who are at or below 50 percent of Area Median Income ("Project"), pursuant to the U.S. Department of Housing and Urban Development's Section 811 project guidelines, as the Developer plans to apply for and receive HUD Section 811 financing for the Project.

6. The Developer needs to demonstrate to HUD that there is local commitment for the Section 811 Program application and the Project. Therefore, the Developer is now requesting: (1) a Regulatory and Grant Agreement in an amount not to exceed \$2,035,691 in permanent financing to make the Project financially feasible, as well as to pay for predevelopment and ultimately construction expenses; (2) a Tax Increment Loan in an amount not to exceed \$1,922,162 for construction bridge loan funds to eliminate construction interest costs (which funds will be repaid at the end of the construction period as the Developer also plans to apply to the State of California's Multifamily Housing Program ("MHP") for permanent financing in an amount equal to the Tax Increment Loan); and, (3) a Lease Option Agreement to demonstrate site control which is a requirement for a successful application to the Section 811 Program.
7. At this time the Agency is willing to authorize the Regulatory and Grant Agreement on the condition that no more than \$246,475 may be used for predevelopment funding and any construction funding disbursements are contingent upon the receipt of a Section 811 Program award.
8. The Citywide Affordable Housing Loan Committee recommended approval of the requested grant and loan amounts at its May 5, 2006 meeting.
9. The proposed Project is categorically exempt from environmental review pursuant to California Environmental Quality Act ("CEQA") Guidelines Section 15332.

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 Regulatory and Grant Agreement in an amount not to exceed \$2,035,691, a Tax Increment Loan Agreement in an amount not to exceed \$1,922,162, and a Lease Option Agreement, with West Bay Housing Corporation, a California nonprofit public benefit corporation, and Satellite Housing, Inc., a California nonprofit public benefit corporation, for the development of very low-income rental housing on Central Freeway Parcel Q, southwest corner of Octavia Boulevard and Oak Street, substantially in the form lodged with the Agency General Counsel; Citywide Tax Increment Housing Program.

APPROVED AS TO FORM:


for James B. Morales
Agency General Counsel