

RESOLUTION NO. 115-2006

Adopted August 15, 2006

AUTHORIZING A SECOND AMENDMENT TO THE TAX INCREMENT LOAN AGREEMENT WITH MISSION HOUSING DEVELOPMENT CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, THE JOHN STEWART COMPANY, A CALIFORNIA CORPORATION, AND DEVINE & GONG, INCORPORATED, A CALIFORNIA CORPORATION, IN AN AMOUNT NOT TO EXCEED \$750,968 FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$1,869,312, AND TO MODIFY OTHER PROVISIONS, FOR THE DEVELOPMENT OF 100 UNITS OF LOW- AND VERY LOW-INCOME SENIOR RENTAL HOUSING AT THE MARY HELEN ROGERS SENIOR COMMUNITY LOCATED ON CENTRAL FREEWAY PARCEL C, LOT 13 IN ASSESSOR'S BLOCK 768, WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2; CITYWIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

1. On March 19, 2002, the Redevelopment Agency of the City and County of San Francisco (the "Agency") and the City and County of San Francisco (the "City") executed a Transfer of Real Estate Agreement, enabling the Agency to purchase Central Freeway Parcels A and C from the City for the purpose of developing affordable senior housing.
2. As required in the City's Transfer Agreement, the Agency issued a Request for Proposals ("RFP") for the construction, ownership, and operation of affordable senior housing on Parcels A and C on April 18, 2003. The RFP sought high-quality proposals from experienced developers capable of building approximately 100 units of very low- and low-income senior housing with supportive services on each of the parcels. With Parcels A and C, the Agency's goal is to create a senior campus that provides not only housing, but supportive services, educational opportunities and social connections for the full spectrum of seniors, from the very frail to the most active and independent.
3. On November 18, 2003, the Commission selected Mission Housing Development Corporation, a California nonprofit public benefit corporation ("MHDC"), as the most qualified developer for Parcel C and authorized an exclusive negotiations agreement (the "ENA") with MHDC, which provided the developer with the exclusive right to pursue development activities on the site.

4. On February 17, 2004, the Commission authorized a predevelopment loan agreement (the "Loan Agreement") with MHDC, of which \$689,422.43 has been disbursed to date.
5. The ENA defined a series of milestones during an exclusive negotiations period that was to result in the execution of a ground lease agreement for consideration by the Commission. As permitted under the ENA, the Executive Director extended the ENA for one month to allow MHDC to meet its milestones and obligations under the ENA. MHDC's ENA expired on April 18, 2005.
6. On July 26, 2005, following Commission direction, the Executive Director issued a notice of default on the Loan Agreement with MHDC for Parcel C. Since the primary event of default was MHDC's failure to remain in exclusive negotiations, MHDC's primary cure was to re-enter into exclusive negotiations with the Agency by demonstrating to the full satisfaction of the Agency that MHDC would on its own, or through the addition of new partners, have the ability to perform under a new ENA.
7. Following Commission direction, Agency staff worked with MHDC to cure its defaults through the addition of new development partners, JSCO and DGI (collectively with MHDC, the "Developer"). Under the new development team structure, MHDC and JSCO are co-managing general partners during predevelopment and construction of the project, and DGI serves as an additional general partner. Upon completion of construction, MHDC becomes the sole managing general partner, JSCO continues as the tax and administrative general partner, and DGI continues as a general partner. During predevelopment and construction, DGI provides the lead project manager, who serves as the primary point of contact and coordinates all day-to-day development activities while reporting to each of the co-managing general partners. In addition to its role as co-managing general partner, JSCO is the initial property manager.
8. On February 7, 2006, the Commission authorized the Executive Director to execute a new ENA with the Developer for a twelve-month negotiations period. On the same date, the Commission authorized a First Amendment to the Loan Agreement to add JSCO and DGI as additional borrowers and to replace the existing Schedule of Performance to conform with the new Schedule of Performance as attached to the new ENA.
9. On February 7, 2006, the Commission also designated the Parcel C site in honor of Mrs. Mary Helen Rogers, a co-founder of the Western Addition Community Organization, the facilitator of the first project area committee in the nation, and the founding chair of the Western Addition A-2 Citizens Advisory Committee.
10. On June 20, 2006, the Commission approved the Developer's schematic design plans for the Mary Helen Rogers Senior Community.
11. The Developer has requested additional predevelopment funding in the amount of \$750,968 for a total predevelopment loan amount not to exceed \$1,869,312 in

order to continue its predevelopment work, fulfill its ENA obligations, and prepare for the execution of the ground lease and commencement of construction.

12. The Western Addition A-2 Citizens Advisory Committee ("WA-CAC") Planning and Development Subcommittee recommended approval of the additional funding request on April 27, 2006. The full WA-CAC recommended approval of the additional funding request on May 11, 2006.
13. On July 21, 2006, the Citywide Affordable Housing Loan Committee approved the additional funding request of \$750,968.
14. The Agency and Developer now desire to further amend the Loan Agreement to: (1) add \$750,968 for a total aggregate amount not to exceed \$1,869,312 in predevelopment funds; (2) add additional performance milestones to supplement the ENA schedule of performance requirements; (3) provide for the Developer's participation in the Agency's Small Business Enterprise program to conform to the ENA; and (4) require that the Developer seek the Agency Executive Director's approval for any material change in JSCO's status as the property manager.

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 a Second Amendment to the Loan Agreement with Mission Housing Development Corporation, a California nonprofit public benefit corporation, the John Stewart Company, a California corporation, and Devine & Gong, Incorporated, a California corporation, in an amount not to exceed \$750,968 for a total aggregate amount not to exceed \$1,869,312, and to modify other provisions as described above, for the development of 100 units low- and very low-income senior rental housing at the Mary Helen Rogers Senior Community located on Central Freeway Parcel C, Lot 13 in Assessor's Block 768, in the Western Addition Redevelopment Project Area A-2, substantially in the form lodged with the Agency General Counsel; Citywide Housing Tax Increment Program.

APPROVED AS TO FORM:


for James B. Morales 8/19/06
Agency General Counsel