

RESOLUTION NO. 29-2009

Adopted March 17, 2009

AUTHORIZING AN AMENDED AND RESTATED LOAN AGREEMENT WITH MARTIN LUTHER KING – MARCUS GARVEY SQUARE COOPERATIVE APARTMENTS, INCORPORATED, A CALIFORNIA MUTUAL BENEFIT NONPROFIT CORPORATION, TO INCREASE THE LOAN AMOUNT BY \$4,000,000 FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$5,000,000, AND TO AMEND OTHER TERMS OF THE LOAN, ALL RELATED TO THE REHABILITATION OF 211 UNITS OF LOW-INCOME COOPERATIVE HOUSING; 1680 EDDY STREET, WITHIN THE FORMER WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2; CITYWIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq., 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 Law promotes the use of redevelopment funds for limited equity co-ops whenever feasible.
2. The Martin Luther King - Marcus Garvey Square Cooperative Apartments is a California mutual benefit nonprofit corporation established by the residents (the “Borrower”). Borrower was established in August 1975 with the purpose of “providing housing on a mutual non-profit basis in the manner and for the purpose provided in Section 221 of Title II of the National Housing Act, as amended, for families displaced from urban renewal areas or as a result of governmental action, and to assist further the providing of housing for low, moderate and middle income families.”
3. On April 1, 2008, the Agency Commission approved the Borrower’s request for a \$1,000,000 predevelopment loan from the Agency’s Citywide Tax Increment Housing Program Funds to enable it to proceed with essential predevelopment activities for the rehabilitation of the 211-unit limited equity cooperative apartments with parking and commercial space (the “Project”). The Project is owned by the Borrower and is located on Assessor’s Block 0730, Lot 044, and Assessor’s Block 0751, Lot 001, commonly known as 1680 Eddy Street, San Francisco, California (the “Site” or “Project”), in the former Western Addition Redevelopment Project Area A-2.

4. The predevelopment loan permitted the assessment of the Project's existing conditions, prioritize needed capital improvements, prepare an accurate rehabilitation budget, and secure needed financing for the rehabilitation of 211 units of low-income cooperative housing.
5. The Project is a U.S. Department of Housing and Urban Development ("HUD") Section 221 d (3) / FHA 236 development with approximately 166 of its 211 units occupied by Section 8 eligible low-income households developed in partnership with the Agency in 1969.
6. The predevelopment loan request was reviewed and approved by the Western Addition Citizens Advisory Committee at its February 21, 2008 meeting.
7. The Citywide Affordable Housing Loan Committee supported the \$1,000,000 predevelopment loan request by the Borrower on March 21, 2008.
8. The predevelopment loan will be amended to become a permanent loan and increased by the Borrower's request for an additional four million dollars (\$4,000,000) for a revised total loan amount of five million dollars (\$5,000,000) in order to fill the gap for financing the rehabilitation.
9. The \$1,000,000 predevelopment note will be cancelled and a new promissory note and deed of trust for \$5,000,000 will be executed by the Borrower.
10. The Borrower accepts the fact that the loan requires its acceptance of the forty-five (45) year long-term affordability restrictions which will be subordinate to the existing HUD Flex Subsidy loan on the Project.
11. The Citywide Affordable Housing Loan Committee reviewed the request for the additional loan funds on February 20, 2009 and recommended that the Agency Commission approve the request for an additional \$4,000,000 for a total aggregate amount not to exceed \$5,000,000.
12. The loan will have a 3% simple rate of interest and will be secured by a deed of trust on fee title to the Site. This residual receipts loan will be repaid to the Agency out of the Project's surplus cash.
13. The funds provided for this loan are Citywide Housing Funds which may include tax increment, taxable or other permitted funds.
14. Pursuant to the California Environmental Quality Act ("CEQA") Guidelines Section 15262 (planning and feasibility studies), authorization of the loan agreement to pay for the physical assessment of the building, identifying needed improvements, and developing a rehabilitation program and budget is exempt from CEQA review.

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 an Amended and Restated Loan Agreement with Martin Luther King - Marcus Garvey Square Cooperative Apartments, Incorporated, a California mutual benefit nonprofit corporation, to increase the loan amount by \$4,000,000 for a total aggregate amount not to exceed \$5,000,000, and to amend other terms of the loan, all related to the rehabilitation of 211 units of low-income cooperative housing at 1680 Eddy Street, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:



for James B. Morales 3/12/09
Agency General Counsel