RESOLUTION NO. 78-2009

Adopted July 21, 2009

AUTHORIZING A SECOND AMENDMENT TO AN AMENDED AND RESTATED TAX INCREMENT LOAN AGREEMENT WITH MERCY HOUSING CALIFORNIA XLI, A CALIFORNIA LIMITED PARTNERSHIP, TO MODIFY CERTAIN LOAN TERMS RELATED TO THE CONSTRUCTION OF APPROXIMATELY 49 VERY LOW-INCOME FAMILY RENTAL UNITS AT 227-255 SEVENTH STREET; SOUTH OF MARKET REDEVELOPMENT PROJECT AREA

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 “City”).

2. Pursuant to the Law, the Board of Supervisors of the City established the South of Market Earthquake Recovery Redevelopment Project Area (the “Project Area”) and adopted the South of Market Earthquake Recovery Redevelopment Plan.

3. The Agency is authorized pursuant to the Law to increase and maintain the affordability of the housing stock in the City for affordability by very low-, low- and moderate-income households and to develop commercial, public or other structures or spaces as may be appropriate or necessary in the interest of the general welfare.

4. Mercy Housing California, a California nonprofit public benefit corporation (“MHC”), and the South of Market Health Center, a California nonprofit public benefit corporation, plan to develop approximately 49 units of affordable family housing and a 20,000-square-foot neighborhood health clinic (the “Project”) at 227-255 Seventh Street (the “Site”) within the Project Area.

5. On March 18, 2003, by Resolution Number 39-2003, the Agency Commission authorized a Tax Increment Affordable Housing Program Loan of $5,275,514 (the “Agency Loan” or “Agreement”) to MHC for acquisition and predevelopment costs related to developing affordable housing at the Site.

6. On November 18, 2003, by Resolution Number 174-2003, the Agency Commission authorized a First Amendment to the Agreement which modified certain terms.
7. On November 7, 2006, by Resolution Number 143-2006, the Agency Commission authorized a Second Amendment to the Agreement that increased the Agency Loan by $931,380, for a total aggregate amount not to exceed $6,206,894, to pay for architectural expenses and other related predevelopment costs related to developing housing at the Site.

8. On April 1, 2008, by Resolution Number 19-2008, the Agency Commission authorized an Amended and Restated Agency Loan Agreement to increase the Agency Loan by $6,745,338, for a total aggregate amount not to exceed $12,952,232, to provide funding for the construction of the additional housing portion of the Project.

9. On December 16, 2008, by Resolution Number 149-2008, the Agency Commission authorized a First Amendment to the Amended and Restated Agency Loan Agreement to: a) change the distribution of surplus cash; (b) require that the interest on the Agency Loan accrue; and (c) forgive approximately $260,000 of the loan amount.

10. MHC has assigned all its rights and obligations under the Agreement, as amended, to Mercy Housing California XLI, a California limited partnership (the “Developer”), with MHC as the managing general partner.

11. The Agency now desires to enter into a Second Amendment to the Amended and Restated Tax Increment Loan Agreement with the Developer to modify the budget for the use of Agency loan proceeds.

12. Changing the terms of the Amended and Restated Tax Increment Loan Agreement is an administrative activity of the Agency and is not a Project as defined by the California Environmental Quality Act Guidelines Section 15378(b)(5). The administrative activity would not independently result in a significant physical effect on the environment.

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 Second Amendment to the Amended and Restated Tax Increment Loan Agreement with Mercy Housing California XLI, a California limited partnership, to modify certain loan terms and to execute all ancillary documents, for the construction of approximately 49 very low-income family rental units at 227-255 Seventh Street, in the South of Market Redevelopment Project Area, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:

[Signature]
James B. Morales
Agency General Counsel
RESOLUTION NO. 79-2009

Adopted July 21, 2009

AUTHORIZING THE EXECUTIVE DIRECTOR TO ACCEPT $10,433,280 IN INFILL INFRASTRUCTURE GRANT PROGRAM FUNDS FROM THE STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR USE IN THE DEVELOPMENT OF 223 AFFORDABLE AND MARKET-RATE RENTAL HOUSING UNITS AT 5800 THIRD STREET, AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco ("Agency") has certain responsibilities under the California Community Redevelopment Law (Health and Safety Code, Section 33334.2) to maintain its Low and Moderate Income Housing Fund ("LMIHF") for the purpose of increasing, improving and preserving San Francisco’s supply of housing available at affordable housing cost affordable to extremely low-, very low-, low-, and moderate-income households.

2. The Agency uses the LMIHF to fund, among other things, affordable rental housing that creates permanently affordable units for low- and moderate-income households.

3. To the greatest extent possible, the Agency attempts to leverage its LMIHF resources with other forms of state- and federally-sponsored assistance and private investment.

4. On January 30, 2009, the California Department of Housing and Community Development released a Notice of Funding Availability for Infill Infrastructure Grant Program (the "Program") under the Proposition 1C, Housing and Emergency Shelter Trust Fund Act of 2006. The Program’s purpose is to promote infill housing development. Under this Program, grants are available to fund infrastructure improvements necessary for specific residential or mixed-use infill development projects.

5. On March 31, 2009, an application was submitted for Infill Infrastructure Grant funding for Phase 2 (Parcels III and IV) of the 5800 Third Street development (the "Site"), which will contain approximately 223 units of market-rate and affordable rental housing (the "Project"). SF Third Street Equity Partners, LLC (the "Developer") currently owns the Site.

6. On July 1, 2009, the 5800 Third Street project application was awarded conditional funding in an amount not to exceed $10,433,280. The award will be disbursed to the Developer and the Agency as co-recipients and both entities will
manage and oversee the use of the funds consistent with the Program requirements. Further, any future transfers of the Site parcels will be subject to the affordability restrictions and other Program restrictions.

7. The Infill Infrastructure Grant funding awarded to the Site will be used to address significant utility work. Additionally, the award will include funding for the construction of utility infrastructure; surface improvements; landscaping infrastructure; and a multi-story parking garage.

8. A Preliminary Mitigated Negative Declaration ("PMND") was prepared pursuant to the California Environmental Quality Act ("CEQA") for the proposed Project by the San Francisco Planning Department ("Department") and published on April 30, 2005. On May 19, 2005 and May 20, 2005, appeals of the PMND were received by the Department. After conducting a duly noticed public hearing, the San Francisco Planning Commission determined that the proposed Project would not cause significant impacts such that an environmental impact report would be required. A Final Negative Declaration was adopted by the Planning Commission on September 1, 2005.

9. The Final Negative Declaration describes the proposed Project, assesses potential environmental impacts of the proposed Project, and identifies mitigation measures to preclude significant impacts or reduce such impacts to less than significant levels. The proposed mitigation measures in the Final Negative Declaration have also been incorporated into the approval of the Conditional Use Authorization for the Project in Motion No. 17089 adopted by the Planning Commission on September 1, 2005.

10. Based on the Agency's independent review of the Final Negative Declaration and all available information regarding the Project, the Agency finds that the proposed Project is consistent with the project description contained in the Final Negative Declaration and would not result in any significant impacts not identified in the Final Negative Declaration or any impact identified in the Final Negative Declaration that would be substantially more severe.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco:

1. The Final Negative Declaration for the proposed Project has been reviewed and the Agency finds that the Final Negative Declaration reflects the independent judgment and analysis of the Agency and adopts the Final Negative Declaration as adequate and having been prepared in accordance with the California Environmental Quality Act; and

2. The Executive Director is authorized to accept $10,433,280 in Infill Infrastructure Grant Program Funds from the State Department of Housing and Community

...
Development for use in the development of 223 affordable and market-rate rental housing units at 5800 Third Street; Bayview Hunters Point Redevelopment Project Area.

APPROVED AS TO FORM:

[Signature]

James B. Morales
Agency General Counsel