

RESOLUTION NO. 103 -2009

Adopted October 6, 2009

AUTHORIZING A FIRST AMENDMENT TO THE EXCLUSIVE NEGOTIATIONS AGREEMENT AND A FIRST AMENDMENT TO THE PREDEVELOPMENT LOAN AGREEMENT WITH 474 NATOMA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, TO EXTEND THE SCHEDULE OF PERFORMANCE THROUGH AUGUST 21, 2010; SOUTH OF MARKET REDEVELOPMENT PROJECT AREA; 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 Redevelopment Agency of the City and County of San Francisco (“Agency”) undertakes programs for the reconstruction and rehabilitation of slums and blighted areas in the City and County of San Francisco.
2. On December 6, 2005, the Board of Supervisors of the City and County of San Francisco authorized an amendment to the South of Market Redevelopment Plan (the “Plan”), which prioritizes the development of housing affordable to low- and moderate-income households.
3. The South of Market Project Area Committee (“PAC”), which advises the Agency on all matters pertaining to the Plan, recommends the type of housing to be built in the South of Market Redevelopment Project Area.
4. On December 22, 2006, the Agency issued a Request for Proposals (“RFP”) for the development of 474 Natoma Street, seeking teams capable of developing affordable homeownership family housing at 474 Natoma Street (“Project”). The RFP set forth specific qualifications and criteria for selection, including previous development experience, developer staff capacity, architectural design, financial feasibility, and proposed number of units. A summary of the RFP was provided to the Agency Commission in an informational memorandum dated December 19, 2006.
5. The Agency received two submittals, of which the proposal from BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“BRIDGE”), was unanimously selected by the interdisciplinary evaluation panel (“Evaluation Panel”), which included one PAC member.
6. On May 1, 2007, by Resolution No. 37-2007, the Agency Commission authorized staff to apply for, and if awarded, to accept, up to \$5 million in Residential


Development Loan Funds (“RDLP”) from the California Housing Finance Agency (“CalHFA”).

7. On May 21, 2007, the PAC endorsed the Evaluation Panel’s unanimous recommendation of BRIDGE as the selected developer.
8. BRIDGE has subsequently formed 474 Natoma LLC, a California limited liability company, of which it is the sole member.
9. At its meeting of August 3, 2007, the Mayor’s Citywide Affordable Housing Loan Committee recommended approval of the Predevelopment Loan Agreement (“The Loan”) for \$2,600,000. A portion of the RDLP funds will be used to fund the Loan amount.
10. At its meeting of August 21, 2007, the Agency Commission authorized the Exclusive Negotiations Agreement (“ENA”) and Loan for an 18 month period with one six-month option, which option was exercised per the ENA on March 31, 2009.
11. On December 22, 2008, the Agency received notice from CalHFA that “effective immediately” funding of the RDLP was suspended indefinitely; the suspension of funding delayed the Project’s scheduled progress.
12. On July 29, 2009, the Agency learned that Assembly Bill 26 had been signed into law requiring the taking of \$2.05 billion from local redevelopment agencies; this unanticipated loss of funding will further delay the Project’s scheduled progress.
13. A 12-month extension to the ENA, and a First Amendment to the Loan Agreement, as evidenced by a revised Schedule of Performance attached to both agreements, will provide the additional time necessary for BRIDGE to resume predevelopment activities for the development and marketing of affordable for-sale housing. BRIDGE must continue to meet the series of milestones during the ENA period that will ultimately result in the execution of a Disposition and Development Agreement.
14. Authorization of the First Amendment to the ENA and the First Amendment to the Predevelopment Loan Agreement with 474 Natoma LLC allows for changes in the terms of the agreements and will not independently result in a physical change in the environment. These actions are Agency administrative activities that are not projects as defined by the California Environmental Quality Act (“CEQA”) Guidelines Section 15378(b)(5) and are not subject to environmental review under CEQA.

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 First Amendment to the Exclusive Negotiations Agreement and a First Amendment to the Predevelopment Loan Agreement with 474 Natoma LLC, a California limited liability company, to extend the Schedule of Performance through August 21, 2010, for the development of 55 units of affordable homeownership family housing, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel