

## RESOLUTION NO. 145-2009

*Adopted December 1, 2009*

**AUTHORIZING FIRST AMENDMENTS TO THE ACQUISITION LOAN AGREEMENT AND PREDEVELOPMENT LOAN AGREEMENT WITH THIRD AND LECONTE ASSOCIATES, LP, A CALIFORNIA LIMITED PARTNERSHIP, TO SUBSTITUTE MERCY HOUSING CALWEST, A CALIFORNIA NONPROFIT, PUBLIC BENEFIT CORPORATION, FOR THIRD AND LECONTE HOUSING, LLC, AS THE MANAGING GENERAL PARTNER AND SUBSTITUTE SOUTH OF MARKET MERCY HOUSING, A CALIFORNIA NONPROFIT, PUBLIC BENEFIT CORPORATION, FOR CITIZENS HOUSING AS THE LIMITED PARTNER OF THIRD AND LECONTE ASSOCIATES, LP, IN CONJUNCTION WITH THE DEVELOPMENT OF 73 UNITS OF LOW-INCOME RENTAL HOUSING AT 6600 THIRD STREET; BAYVIEW HUNTERS POINT 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 Redevelopment Agency of the City and County of San Francisco (“Agency”) undertakes programs for the reconstruction and rehabilitation of blighted areas in the City and County of San Francisco and encourages the development of residential rental developments as affordable housing.
2. On February 17, 2009, by Resolution No. 22-2009, the Agency Commission approved acquisition and predevelopment loan agreements with Third and LeConte Associates, LP, a California limited partnership (“Borrower”), in the aggregate amount of \$4,887,059 from the Tax Increment Affordable Housing Program Fund for the purpose of acquiring 6600 Third Street (“Project”) and developing 73 units of affordable rental housing for low- and very low-income residents on the site.
3. Borrower, comprised of a managing general partner, Third and LeConte Associates, LLC, a co-general partner, Providence Foundation, and a limited partner, Citizens Housing Corporation, a California nonprofit, public benefit corporation (“Citizens”). Borrower completed acquisition of 6600 Third Street and proceeded with predevelopment work in compliance with its Tax Increment Loan Agreements.
4. In September 2009, Citizens determined that it no longer had the capacity to serve as managing general partner and limited partner of Borrower and that it was in its own interests and in the best interests of the Project that its affiliate Third and LeConte Housing, LLC, withdraw as managing general partner and it withdraw as the Borrower’s limited partner.

5. The Borrower, through its remaining general partner, Providence Foundation, immediately conducted a search for an affordable housing developer to replace its managing general partner and limited partner.
6. In October 2009, Borrower, through its remaining general partner, Providence Foundation selected Mercy Housing Calwest, a California nonprofit, public benefit corporation, as the Borrower's new managing general partner and South of Market Mercy Housing, a California nonprofit, public benefit corporation, as the Borrower's new limited partner.
7. Both Mercy Housing Calwest and South of Market Mercy Housing are affiliates of Mercy Housing California ("Mercy"). They were chosen based upon Mercy's extensive experience developing, owning managing, and providing services for affordable, supportive housing developments in San Francisco.
8. Pursuant to Article 16.1(d) of the Acquisition Loan Agreement and the Predevelopment Loan Agreement, the Borrower may transfer the general partnership interest in the Borrower to a nonprofit, public benefit corporation approved in advance by the Agency. Borrower has sought the approval of the Agency for these transfers and the Agency desires to approve the transfers.
9. Authorizing the First Amendments to the Acquisition Loan Agreement and the Predevelopment Loan Agreement with Third and LeConte Associates, LP are Agency administrative activities that will not cause any physical change in the environment and are not subject to environmental review under the California Environmental Quality Act ("CEQA"), pursuant to CEQA Guidelines Section 15378(b)(5).

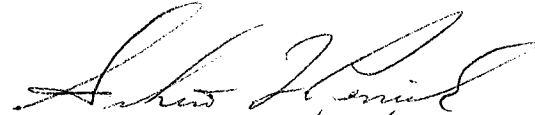
## **RESOLUTION**

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to:

1. Execute First Amendments to the Acquisition Loan Agreement and the Predevelopment Loan Agreement to approve the substitution of Mercy Housing Calwest, a California nonprofit, public benefit corporation, for Third and LeConte Housing, LLC, as the managing general partner and substitute South of Market Mercy Housing, a California nonprofit, public benefit corporation, for Citizens Housing as the limited partner of Third and LeConte Associates, LP, a California limited partnership, substantially in the form lodged with the Agency General Counsel.

2. Enter into any and all ancillary documents or take any additional actions necessary to consummate the transactions authorized by this Resolution, in forms to be approved by the Agency General Counsel.

**APPROVED AS TO FORM:**

  
for James B. Morales 11/23/09  
Agency General Counsel