



Legislation Text

File #: 21-777, **Version:** 1

Resolution approving Budget Amendment #22.023 for a \$4,050,000 loan from Commercial Linkage Fee Funds to For the Future Housing, Inc. for the acquisition of 428 and 432 Baden Avenue.

WHEREAS, on June 29, 2011, the Legislature of the State of California (“State”) adopted Assembly Bill x1 26 (“AB 26”), which amended provisions of the State’s Community Redevelopment Law (Health and Safety Code sections 33000 et seq.) (“Dissolution Law”), pursuant to which the former Redevelopment Agency of the City of South San Francisco (“City”) was dissolved on February 1, 2012; and

WHEREAS, the City elected to become the Successor Agency to the Redevelopment Agency of the City of South San Francisco (“Successor Agency”); and

WHEREAS, pursuant to Health and Safety Code Section 34191.5(c)(2)(C), property shall not be transferred to a successor agency, city, county or city and county, unless a Long Range Property Management Plan (“LRPMP”) has been approved by the Oversight Board and the California Department of Finance (“DOF”); and

WHEREAS, in accordance with the Dissolution Law, the Successor Agency prepared a LRPMP, which was approved by a resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of South San Francisco (“Oversight Board”) on May 21, 2015, and was approved by the DOF on October 1, 2015; and

WHEREAS, consistent with the Dissolution Law and the LRPMP, certain real properties located in the City of South San Francisco, that were previously owned by the former Redevelopment Agency, were transferred to the Successor Agency (“Agency Properties”); and

WHEREAS, on October 18, 2016, the City entered into an Amended and Restated Master Agreement for Taxing Entity Compensation (“Compensation Agreement”) with the various local agencies who receive shares of property tax revenues from the former redevelopment project area (“Taxing Entities”), which provides that upon approval by the Oversight Board of the sale price, and consistent with the LRPMP, the proceeds from the sale of any of the Agency Properties will be distributed to the Taxing Entities in accordance with their proportionate contributions to the Real Property Tax Trust Fund for the former Redevelopment Agency; and

WHEREAS, the LRPMP, prepared by the Successor Agency and approved by the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of South San Francisco (“Oversight Board”), designated 432 Baden Avenue (the “Site”), County Assessor's Parcel Number 012-321-160 (the “Property”), to be sold, with the proceeds of the sale distributed to the taxing entities; and

WHEREAS, to carry out the terms of the LRPMP, the Successor Agency transferred the Agency Properties, including the Property, to the City for disposition consistent with the terms of the LRPMP; and

WHEREAS, the Property was transferred from the Agency to the City pursuant to Grant Deeds recorded on May 16, 2017; and

WHEREAS, Baden Development LLC (“Baden”) owns the adjacent property, 428 Baden Avenue, South San Francisco; and

WHEREAS, on September 23, 2019, Baden provided the City with a Letter of Intent (“LOI”) for the purchase of the Property for \$1,100,000 (“Purchase Price”); and

WHEREAS, on February 10, 2020 the San Mateo Countywide Oversight Board (“Countywide Oversight Board”) adopted a resolution approving the sale of the Site to Baden for \$1,100,000; and

WHEREAS, City and Baden entered into that certain Purchase And Sale Agreement And Joint Escrow Instructions dated February 19, 2020; and

WHEREAS, the sale of the Property is exempt from the Surplus Land Act under Section 54234(b) of the Government Code as the Property was designated in the LRPMP for future development, and the City executed the Purchase and Sale Agreement for sale of the Property on February 19, 2020, pursuant to the terms of the LRPMP; and

WHEREAS, City and Baden entered into the First Amendment to the Purchase And Sale Agreement And Joint Escrow Instructions on April 9, 2020, which extended the due diligence period and Close of Escrow by six months; and

WHEREAS, City and Baden entered into the Second Amendment to the Purchase And Sale Agreement And Joint Escrow Instructions (collectively, the “PSA”) on December 21, 2020 which extended the Close of Escrow period to May 17, 2021 and allowed for two 90-day administrative extensions; and

WHEREAS, on April 29, 2021, Baden opted to utilize one of the administrative extensions which extended the Close of Escrow period to August 16, 2021; and

WHEREAS, on August 6, 2020, the City of South San Francisco Planning Commission adopted Resolution 2866-2020 approving Conditional Use Permit (UP19-0005) and Design Review (DR19-0022) for a development project proposed at the Property; and

WHEREAS, specifically, Resolution 2866-2020 approves a residential development, consisting of 36 rental units utilizing the State Density Bonus Law where three of the units will be dedicated to very low income households and be subject to an Affordable Housing Agreement, and provide 28 parking spaces over 0.32 acres on 428 and 432 Baden Avenue (consisting of two parcels (APNs: 012-321-170 and 012-321-160)) (collectively, the “Project Site”); and

WHEREAS, For the Future Housing, Inc. (“FTF Housing”) made an offer to Baden to purchase the Project Site; and

WHEREAS, on October 13, 2021 the City Council adopted Resolution No. _____, authorizing the

City to enter into the Third Amendment to the PSA, approving the assignment of Baden's rights and obligations under the PSA to FTF Housing, amending the scope of the Project from market rate to a fully-affordable housing development of thirty-six below market rate units, and changing the Close of Escrow date to January 5, 2022, and amending other related provisions; and

WHEREAS, in order to purchase the Project site, FTF Housing has requested an acquisition loan of \$4,050,000 from the City ("Acquisition Loan"); and

WHEREAS, the City Council now wishes to approve the Acquisition Loan to FTF Housing in the amount of \$4,050,000 in order to streamline the likelihood and timeline for the delivery of the fully-affordable housing development at 428 and 432 Baden Avenue; and

WHEREAS, the terms of the Acquisition Loan will be provided in two components: \$2,000,000 pursuant to terms for a "Short Term Component" repaid after FTF Housing secures construction financing, but no later than twenty-four (24) months after the date of execution of the Loan Agreement; and \$2,050,000 pursuant to terms for a "Long Term Component", which will become due and payable in fifty-five (55) years from the date of execution of the Loan Agreement, with annual payments made through residual receipts; and

WHEREAS, both the short and long term components of the Acquisition Loan would become due and payable if construction financing is not secured within 24 months of the Loan Agreement; and

WHEREAS, the Acquisition Loan will be secured by a Promissory Note, and Deed of Trust encumbering both properties at 428 and 432 Baden Avenue; and

WHEREAS, as a condition of providing the Acquisition Loan, the City will impose occupancy and affordability restrictions on both properties at 428 and 432 Baden Avenue to ensure the affordable units remain affordable to low income households, which the City will set forth in the Loan Agreement and Affordable Housing Regulatory Agreement.

NOW, THEREFORE, the City Council of the City of South San Francisco does hereby resolve as follows:

1. The Recitals set forth above are true and correct, and are incorporated herein by reference.
2. The Loan Agreement and Affordable Housing Regulatory Agreement, in the forms attached hereto as Exhibits A and B and incorporated herein, are hereby approved, and the City Manager or his designee is hereby authorized to execute the agreements on behalf of the City of South San Francisco; to make revisions to the Loan Agreement and Affordable Housing Regulatory Agreement, with review and approval by the City Attorney, which do not materially or substantially increase the City's obligations thereunder; to sign all documents; to make all approvals and take all actions necessary or appropriate to carry out and implement the intent of this Resolution.

* * * * *

Exhibit A: Loan Agreement

Exhibit B: Affordable Housing Regulatory Agreement