File No. 120412 Board Item No. 46

COMMITTEE/BOARD OF SUPERVISORS

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Board of Supervisors Meeting **Date: May 1, 2012**

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Completed by: Annette Lonich **Date: April 26, 2012**

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2012 APR 24 PM 3:16

Time stamp or meeting date

I hereby submit the following item for introduction (select only one):

1. For reference to Committee: Land Use

An ordinance, resolution, motion, or charter amendment.

2. Request for next printed agenda without reference to Committee.

3. Request for hearing on a subject matter at Committee:

4. Request for letter beginning "Supervisor inquires"

5. City Attorney request.

6. Call File No. from Committee.

7. Budget Analyst request (attach written motion).

8. Substitute Legislation File No.

9. Request for Closed Session (attach written motion).

10. Board to Sit as A Committee of the Whole.

11. Question(s) submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission

☐ Planning Commission ☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a different form.

Sponsor(s):

Cohen

Subject:

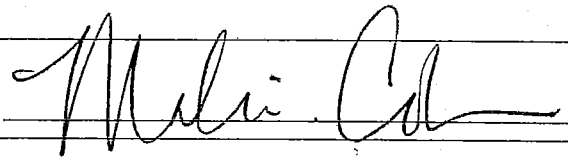
Multifamily Housing Revenue Bonds - 833-881 Jamestown - Candlestick Heights

The text is listed below or attached:

Resolution declaring the intent of the City and County of San Francisco (the "City") to reimburse certain expenditures from proceeds of future bonded indebtedness; authorizing the Director of the Mayor's Office of Housing (the "Director") to submit an application and related documents to the California Debt Limit Allocation Committee ("CDLAC") to permit the issuance of residential mortgage revenue bonds in an aggregate principal amount not to exceed $80,400,000 for Candlestick Heights – 833-881 Jamestown; authorizing and directing the Director to direct the Controller's Office to hold in trust an amount not to exceed $100,000 in accordance with CDLAC procedures; authorizing the Director to certify to CDLAC that the City has on deposit the required amount; authorizing the Director to pay an amount equal to such deposit to the State of California if the City fails to issue t residential mortgage revenue bonds; approving, for purposes of the Internal Revenue Code of 1986, as amended, the issuance and sale of residential mortgage revenue bonds by the City in an aggregate principal amount not to exceed

120412

$80,400,000; authorizing and directing the execution of any documents necessary to implement this Resolution; and ratifying and approving any action heretofore taken in connection with the Project (as defined herein) and the Application (as defined herein).

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

[Multifamily Housing Revenue Bonds – 833-881 Jamestown - Candlestick Heights – not to exceed $80,400,000]

Resolution declaring the intent of the City and County of San Francisco to reimburse certain expenditures from proceeds of future bonded indebtedness; authorizing the Director of the Mayor's Office of Housing (Director) to submit an application and related documents to the California Debt Limit Allocation Committee (CDLAC) to permit the issuance of residential mortgage revenue bonds in an aggregate principal amount not to exceed $80,400,000 for Candlestick Heights – 833-881 Jamestown; authorizing and directing the Director to direct the Controller's Office to hold in trust an amount not to exceed $100,000 in accordance with CDLAC procedures; authorizing the Director to certify to CDLAC that the City has on deposit the required amount; authorizing the Director to pay an amount equal to such deposit to the State of California if the City fails to issue the residential mortgage revenue bonds; approving, for purposes of the Internal Revenue Code of 1986, as amended, the issuance and sale of residential mortgage revenue bonds by the City in an aggregate principal amount not to exceed $80,400,000; authorizing and directing the execution of any documents necessary to implement this Resolution; and ratifying and approving any action heretofore taken in connection with the Project (as defined herein) and the Application (as defined herein).

WHEREAS, The Board of Supervisors of the City and County of San Francisco (the "Board of Supervisors"), after careful study and consideration, has determined that there is a shortage of safe and sanitary housing within the City and County of San Francisco (the "City"), particularly for low and moderate income persons, and that it is in the best interest of

the residents of the City and in furtherance of the health, safety, and welfare of the public for the City to assist in the financing of multi-family rental housing units; and

WHEREAS, Acting under and pursuant to the powers reserved to the City under Sections 3, 5, and 7 of Article XI of the Constitution of the State of California and Sections 1.101 and 9.107 of the Charter, the City has enacted the City and County of San Francisco Residential Mortgage Revenue Bond Law (the "City Law"), constituting Article I of Chapter 43 of the San Francisco Administrative Code, in order to establish a procedure for the authorization, issuance and sale of residential mortgage revenue bonds by the City for the purpose of providing funds to encourage the availability of adequate housing and home finance for persons and families of low or moderate income, and to develop viable communities by providing decent housing, enhanced living environments, and increased economic opportunities for persons and families of low or moderate income; and

WHEREAS, In addition, pursuant to Division 31 of the Health and Safety Code of the State of California, and particularly Chapter 7 of Part 5 thereof (the "State Law"), the City is empowered to issue and sell bonds for the purpose of making mortgage loans or otherwise providing funds to finance the development of multi-family rental housing including units for lower income households and very low income households; and

WHEREAS, Jamestown Equity Partners, LLC, a Delaware limited liability company (or any successor thereto including any successor owner of the Project, the "Developer"), desires to finance 198 units of multifamily residential rental housing located at 833-881 Jamestown Avenue (the "Project"); and

WHEREAS, the Developer has requested that the City assist in the financing of the Project through the issuance of one or more series of tax-exempt mortgage revenue bonds (the "Bonds"); and

WHEREAS, The City expects that proceeds of the Bonds will be used to pay certain costs incurred in connection with the Project prior to the date of issuance of the Bonds; and,

WHEREAS, The City intends to issue the Bonds in an amount not to exceed $80,400,000 and to loan the proceeds of the Bonds to the Developer (the "Loan") to finance the costs of the Project; and

WHEREAS, The Board of Supervisors has determined that the moneys advanced and to be advanced to pay certain expenditures of the Project are or will be available only for a temporary period and it is necessary to reimburse such expenditures with respect to the Project from the proceeds of the Bonds; and

WHEREAS, Section 1.150-2 of the United States Treasury Regulations requires that the Board of Supervisors declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of the Bonds; and

WHEREAS, The interest on the Bonds may qualify for tax exemption under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), only if the Bonds are approved in accordance with Section 147(f) of the Code; and

WHEREAS, The City now wishes to approve the issuance of the Bonds in order to satisfy the public approval requirements of Section 147(f) of the Code; and,

WHEREAS, The Project is located wholly within the City; and

WHEREAS, On February 28, 2012, the City caused a notice stating that a public hearing with respect to the issuance of the Bonds would be held by the Mayor's Office of Housing on March 13, 2012, to appear in The San Francisco Chronicle, which is a newspaper of general circulation in the City; and

WHEREAS, The Mayor's Office of Housing held the public hearing described above on March 13, 2012, and an opportunity was provided for persons to comment on the

issuance of the Bonds and the Project, and the minutes of such hearing were provided to this Board of Supervisors prior to this meeting; and

WHEREAS, This Board of Supervisors is the elected legislative body of the City and is the applicable elected representative authorized to approve the issuance of the Bonds within the meaning of Section 147(f) of the Code; and

WHEREAS, Section 146 of the Code limits the amount of tax-exempt private activity bonds, which include qualified mortgage bonds, that may be issued in any calendar year by entities within a state and authorizes the legislature of each state to provide the method of allocating authority to issue tax-exempt private activity bonds within the respective state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State of California governs the allocation in the State of California of the state ceiling established by Section 146 of the Code among governmental units in the State having the authority to issue tax-exempt private activity bonds; and

WHEREAS, Section 8869.85(b) of the Government Code requires that a local agency file an application for a portion of the state ceiling with or upon the direction of the California Debt Allocation Committee ("CDLAC") prior to the issuance of tax-exempt private activity bonds, including qualified mortgage bonds; and

WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent (1/2%) of the amount of allocation requested; now, therefore be it

RESOLVED, by the Board of Supervisors of the City and County of San Francisco, as follows:

Section 1. The Board of Supervisors finds and determines that the foregoing recitals are true and correct.

Section 2. The Board of Supervisors adopts this Resolution for purposes of establishing compliance with the requirements of Section 1.150-2 of the United States Treasury Regulations. This Resolution does not bind the Board of Supervisors to issue the Bonds, approve the Loan or to make any expenditure, incur any indebtedness or proceed with the Project.

Section 3. The Board of Supervisors hereby declares its official intent under United States Treasury Regulations Section 1.150-2 to use proceeds of the Bonds to reimburse expenditures incurred in connection with the Project. The Board of Supervisors hereby further declares its intent to use such proceeds to reimburse the Developer for actual expenditures made by the Developer on the Project.

Section 4. On the date of the expenditure to be reimbursed, all reimbursable costs of the Project will be of a type properly chargeable to a capital account under general federal income tax principles.

Section 5. The maximum principal amount of debt expected to be issued for the Project is $80,400,000.

Section 6. This Board of Supervisors, as the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, hereby approves the issuance of the Bonds for purposes of Section 147(f) of the Code.

Section 7. This approval of the issuance of the Bonds by the City is neither an approval of the underlying credit issues of the proposed Project nor an approval of the financial structure of the Bonds.

Section 8. The Board of Supervisors hereby authorizes the Director of the Mayor's Office of Housing (the "Director"), on behalf of the City, to submit an application (the "Application"), and such other documents as may be required, to CDLAC pursuant to

Government Code Section 8869.85 for an allocation for the Project of a portion of the state ceiling for private activity bonds in a principal amount not to exceed $80,400,000.

Section 9. An amount equal to $100,000 ("Deposit") is hereby authorized to be held on deposit in connection with the Application and the applicable CDLAC procedures, and the Director is authorized to certify to CDLAC that such funds are available; which Deposit shall consist of a restriction on cash in the Hotel Tax Fund established pursuant to Section 515.01 of Article 7 of the San Francisco Business and Tax Regulations Code (the "Hotel Tax Fund").

Section 10. If the City receives a CDLAC allocation and the applicable issuance requirements are not met, the Mayor's Office of Housing is hereby authorized to cause an amount equal to the Deposit to be paid to the State of California from the Hotel Tax Fund, if required by CDLAC.

Section 11. The officers and employees of the City and the Director are hereby authorized and directed, jointly and severally, to do any and all things necessary or advisable to consummate the receipt of an allocation from CDLAC and otherwise effectuate the purposes of this Resolution, and all actions previously taken by such officers and employees with respect to the Project, including but not limited to the submission of the application to CDLAC, are hereby ratified and approved.

Section 12. This Resolution shall take effect from and after its adoption by the Board and approval by the Mayor.

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: Kenneth David Roux
KENNETH DAVID ROUX
Deputy City Attorney

MAYOR'S OFFICE OF HOUSING
CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

April 23, 2012

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2012 APR 24 PM 3:10
BY

Honorable Malia Cohen
City and County of San Francisco
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Resolution Authorizing Application to California Debt Limit Allocation Committee for Multifamily Housing Revenue Bonds for Candlestick Heights – 833-881 Jamestown Avenue.

With this memo, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, April 24, 2012, a resolution regarding qualified mortgage revenue bonds for Candlestick Heights – 833-881 Jamestown Avenue, a 198 unit family affordable housing development sponsored by Jamestown Equity Partners, LLC. The resolution would authorize me, as Director of this office to submit an application to the California Debt Limit Allocation Committee for permission to issue such bonds in an amount not to exceed $80,400,000. This resolution would only authorize us to apply for an allocation of bond issuing authority. Should we receive authority, we will need to return to the Board for permission to actually issue the bonds. Funds generated from the issuance and sale of the bonds would be used to finance construction of the project.

The proposed project will be a 198-unit multi-bedroom affordable family rental development in the Bayview. Units will be affordable to households earning 60% of area median income and below, with 19 units targeted to households earning no more than 50% area median income. (Please see attached income and rent charts)

The Project will consist of 198 units in eleven buildings that are either 3-story slab-on-grade wood frame buildings or 3-story over podium. There will be a mix of 1-,2-,3-, and 4-bedroom apartments.

The Mayor's Office of Housing has previously issued bonds for both rental housing and for first time homeownership. These financings are conduit financings, which do not require the City to pledge repayment of the bonds. Rather, the bondholders' only recourse for payment are the project revenues themselves and the credit enhancement provided by lenders.

Introduction on April 24, 2012 ensures that we have enough time to continue gathering the application which is due on May 18, 2012.

The attached resolution has been approved as-to-form by Deputy City Attorney Kenneth Roux. I am enclosing a brief description of the project for your review.

If you have any questions about the resolution or the project, please contact Joan McNamara at 701-5532.

Thank you,

Olson Lee
Director

L+M Development Partners Inc.
Candlestick Heights
Project Overview

Candlestick Heights will consist of twelve, new construction buildings located at 833-881 Jamestown Avenue in the City of San Francisco. All of the buildings are to be owned and financed as a single development.

As of the above date, sixty-six (66) units in three buildings are complete and ready for occupancy. After a failed attempt to sell these units as condominiums, the current proposal anticipates using basis in these attractive, family size units to support the acquisition and development of the entire property to include 132 additional units. For additional information on the site plan, which has been approved and permits issued for most if not all of the built and proposed apartments, see attached.

The combined buildings will have approximately 350,000 square feet of gross floor area, including 280,000 square feet of residential area as well as nearly 70,000 square feet of garage area. Residents will access landscaped gardens and play areas in the courtyards between the various buildings.

Total project costs, including the cost to acquire the existing buildings, will be nearly $75 million, or under $400,000 per dwelling unit. The cost to specifically construct the new 132 residential apartments is projected at just over $34 million.

The residential unit distribution, which will include one 2 bedroom superintendent unit, is:

1 BRs	16 units
2-BRs	141 units
3-BRs	15 units
4-BRs	26 units

- This project is being sponsored by L+M Development Partners Inc ("L+M"), who will engage another non-profit, tax exempt organization (the "NFP") to secure the Welfare Tax Exemption permitted in California.
- The existing owner of the project is Jamestown Equity Partners LLC, who will convey title to an affiliate of L+M or a to be formed entity (the "Owner"), which will be structured to include the NFP as 51 percent owner of the managing member and an affiliate of L+M, which will be the controlling member of the managing member.
- An Investor Member will own a 99.99% member interest in the Owner.
- Any required guaranties will be provided by L+M.

The following sources of capital financing will be utilized: private activity tax-exempt bonds through City and County of San Francisco as well as equity from 4% as-of-right low income housing tax credits.

Address: 833-881 Jamestown Avenue, San Francisco
Block/Lot: Block 4991, Lot 277

A financing closing and construction start is projected for the summer of 2012. Twenty-four months is allocated to construction and lease up for the to be built apartments; the existing 66 apartments will be leased as soon as possible following the financing close.

- L+M Development Partners Inc. will be the Project Sponsor.

Fw: Budget & Finance Committee Scheduling Request

Judson True to: Rick Caldeira 04/26/2012 09:37 AM

History: This message has been forwarded.

The item we discussed is the same type as the item below.

Judson True
Office of Supervisor David Chiu
City Hall, Room 264
San Francisco, CA 94102
415.554.7451 desk
415.554.7454 fax

----- Forwarded by Judson True/BOS/SFGOV on 04/26/2012 09:36 AM -----

From: Debra Newman/BudgetAnalyst/SFGOV
To: Joan McNamara/OCDHH/MAYOR/SFGOV@SFGOV
Cc: Judson True/BOS/SFGOV@SFGOV, Katy Tang/BOS/SFGOV@SFGOV, Kenneth Roux <Kenneth_Roux@SFGOV.sfgov.org>
Date: 03/13/2012 01:05 PM
Subject: Re: Fw: Budget & Finance Committee Scheduling Request

Hi Joan, et al,

This email confirms that these TEFRA resolutions and the subsequent bond issuance resolutions do not have fiscal impact on the City, such that our office would not be reporting on these resolutions. Therefore, it is our understanding that they could be assigned and heard in various committes of the Board of Supervisors, as determined and assigned by the President of the Board.
Thanks,

Debra Newman
Budget and Legislative Analyst
Board of Supervisors
Phone: 415-553-4631
FAX: 415-252-0461
debra.newman@sfgov.org

-----Joan McNamara/OCDHH/MAYOR/SFGOV wrote: -----
To: Debra Newman/BudgetAnalyst/SFGOV@SFGOV
From: Joan McNamara/OCDHH/MAYOR/SFGOV
Date: 03/13/2012 12:28PM
Cc: Kenneth Roux <Kenneth_Roux@SFGOV.sfgov.org>, Katy Tang/BOS/SFGOV@SFGOV, Judson True/BOS/SFGOV@SFGOV
Subject: Re: Fw: Budget & Finance Committee Scheduling Request

Hi Debra, Thank you for talking with me today on the process for submitting and routing the issuance resolutions and final form documents we typically submit for the affordable housing projects we sponsor.

As we discussed, these projects go before the BOS on two occasions: 1) to secure a TEFRA resolution (certifying we have completed the notice process) and authorization from BOS to submit a bond application to the California Debt Limit Allocation Committee and 2) after securing an allocation we request permission to issue the bonds once bond documents (loan, indenture and regulatory agreements) are in substantially final form.

As MOH and city attorney have previously confirmed these transactions never have a fiscal impact to the city, instead they rely solely on project revenue to repay the bonds. For this reason there has never been a report by the budget analyst.

For the TEFRA BOS process the resolutions are usually introduced at a full BOS session and then circle back to the full BOS the following week.

I'd like to memorialize the issuance BOS process so that MOH project managers can plan for it accordingly. Given that the issuance does not have a fiscal impact to the city and does not require a budget analyst report it is my understanding that in lieu of budget and finance subcommittee we could alternatively attend government, audit and oversight or land use. Please confirm that from the budget analyst's perspective any of the three subcommittees would be acceptable.

Thanks.

****
Joan McNamara
Mayor's Office of Housing
One South Van Ness, 5th Floor
San Francisco, CA 94103
415-701-5532 - PHONE
415-701-5501 - FAX
Joan.McNamara@sfgov.org

Debra Newman---02/29/2012 01:40:32 PM---What are the fiscal impacts on the City of this project? Is this a TEFRA? What are the City's liabi

From: Debra Newman/BudgetAnalyst/SFGOV
To: Joan McNamara/OCDHH/MAYOR/SFGOV@SFGOV
Cc: Severin Campbell/BudgetAnalyst/SFGOV@SFGOV
Date: 02/29/2012 01:40 PM
Subject: Re: Fw: Budget & Finance Committee Scheduling Request

What are the fiscal impacts on the City of this project? Is this a TEFRA? What are the City's liabilities here?

Debra Newman
Budget and Legislative Analyst
Board of Supervisors
Phone: 415-553-4631
FAX: 415-252-0461
debra.newman@sfgov.org

-----Joan McNamara/OCDHH/MAYOR/SFGOV wrote: -----
To: Debra.Newman@sfgov.org
From: Joan McNamara/OCDHH/MAYOR/SFGOV
Date: 02/29/2012 01:17PM
Subject: Fw: Budget & Finance Committee Scheduling Request

Hi Debra, Once again (which is good news because it means more affordable housing for SF!) MOH will

be submitting an issuance resolution for an affordable housing project. We want to introduce it on 3/13 and are hoping it can go to 3/21 budget and finance committee. Is this possible?

BTW - It's for 1180 4th Street - sponsored by Mercy Housing and all units are affordable.

****

Joan McNamara
Mayor's Office of Housing
One South Van Ness, 5th Floor
San Francisco, CA 94103
415-701-5532 - PHONE
415-701-5501 - FAX
Joan.McNamara@sfgov.org

----- Forwarded by Joan McNamara/OCDHH/MAYOR/SFGOV on 02/29/2012 01:15 PM -----

From: Katy Tang/BOS/SFGOV
To: Joan McNamara/OCDHH/MAYOR/SFGOV@SFGOV
Date: 02/29/2012 01:10 PM
Subject: Re: Budget & Finance Committee Scheduling Request

Hi Joan:

I would recommend asking the Budget Analyst Office. If they can produce a report in time, then we are fine with it.

Debra.Newman@sfgov.org

Katy Tang
Legislative Aide
Office of Supervisor Carmen Chu
San Francisco Board of Supervisors
City Hall, Room 260
Phone: 415-554-7462 | Fax: 415-554-7432
www.sfbos.org/chu

From: Joan McNamara/OCDHH/MAYOR/SFGOV
To: Katy Tang/BOS/SFGOV@SFGOV
Date: 02/29/2012 12:33 PM
Subject: Budget & Finance Committee Scheduling Request

Hi Katy, I'm planning on submitting a bond issuance reso for one of our affordable projects on 3/13. Is there the potential for us to get scheduled for the 3/21 budget & finance meeting? This would help the project's schedule tremendously and I wanted to check with you before I said anything to the sponsor.

Should I also check with Justin?

****

Joan McNamara
Mayor's Office of Housing

One South Van Ness, 5th Floor
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Joan.McNamara@sfgov.org