File No. 120705 Board Item No. 61

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Board of Supervisors Meeting **Date: June 26, 2012**

Cmte	Board	
☐	☐	**Motion**
☐	☒	**Resolution**
☐	☐	**Ordinance**
☐	☐	**Legislative Digest**
☐	☐	**Budget Analyst Report**
☐	☐	**Legislative Analyst Report**
☐	☐	**Youth Commission Report**
☐	☒	**Introduction Form**
☐	☒	**Department/Agency Cover Letter and/or Report**
☐	☐	**MOU**
☐	☐	**Grant Information Form**
☐	☐	**Grant Budget**
☐	☐	**Subcontract Budget**
☐	☐	**Contract/Agreement**
☐	☐	**Award Letter**
☐	☐	**Application**
☐	☐	**Public Correspondence**

OTHER:

Completed by: Dena Braley **Date: June 21, 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

Time stamp
or meeting date

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

☐ 1. For reference to Committee: _____
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):

Supervisor Chiu

Subject:

Multifamily Housing Revenue Bonds – 235 Broadway, Broadway Sansome

The text is listed below or attached:

See attached.

Signature of Sponsoring Supervisor: _____

For Clerk's Use Only:

120705

1026

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 $28,000,000 for 235 Broadway – Broadway Sansome Apartments; 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 $28,000,000; 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).

[Resolution of Intent - Multifamily Housing Revenue Bonds - 235 Broadway - Broadway Sansome Apartments]

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 (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 $28,000,000 for 235 Broadway - Broadway Sansome Apartments; 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 $28,000,000; 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, Broadway Sansome Associates, L.P., a California limited partnership, sponsored by Chinatown Community Development Center, a California non-profit public benefit corporation ("CCDC"), or another partnership sponsored by CCDC (in either case, the "Developer"), desires to construct a 75-unit residential rental housing development located at 235 Broadway Sansome (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 $28,000,000 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 June 4, 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 June 18, 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 June 18, 2012 and an opportunity was provided for persons to comment on the issuance of the Bonds and the Project; and,

WHEREAS, This Board of Supervisors is the elected legislative body of the City and is the applicable elected representative required 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 $50,000,000.

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, or his designee (collectively, 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 $28,000,000.

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.

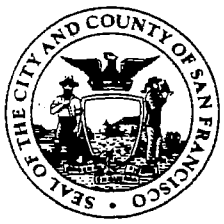
Section 12. This Resolution shall take effect from and after its adoption by the Board and approval by the Mayor.

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

June 19, 2012

Honorable David Chiu
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 235 Broadway, Broadway Sansome Apartments

With this memo, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, June 19, 2012, a resolution regarding qualified mortgage revenue bonds for 235 Broadway, SF, an affordable housing development sponsored by Chinatown Community Development Center. 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 $28,000,000. 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 75-unit affordable family rental development located in the Northeast Waterfront/Barbary Coast neighborhood. The building will serve family households with incomes targeted from 20% AMI up to 50% AMI.

The Project will be a newly constructed multi-storied building comprised of studios, 1, 2 and 3 bedrooms, with a central courtyard, roof decks, a community room, laundry room and service space.

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.

1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103
Phone: (415) 701-5500 Fax: (415) 701-5501 TDD: (415) 701-5503 www.sfgov.org/moh

In order to meet the deadline of submitting an application, the resolution must be introduced at the Board no later than June 19, 2012 and return to the full Board for approval on Tuesday, June 26, 2012. We would appreciate any assistance you can provide to help meet this schedule so that the City is able to submit the application on July 11, 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,

Brian Cheu (for Olson Lee)
Director of Community Development

Broadway-Sansome Apartments
Scope of Development

The Broadway-Sansome Apartments project is a mid-rise, mixed-use, 100% affordable residential development with retail uses (the "Project") on an approximately 17,850 square-foot, sloping site on Broadway between Sansome and Battery Streets. The eastern portion of the Project site is currently utilized as a commercial surface parking lot, and the western portion is vacant, undeveloped land.

The proposed new construction project consists of 75 units of affordable housing, including housing for formerly homeless families, and 2,902 sft of ground level retail space. The development will also include supportive services spaces, an at-grade courtyard, and two common roof decks. Bicycle parking will be provided, but no off-street parking is proposed.

The building will be of wood-frame Type III construction, clad in cement plaster, over a concrete, Type I base. A number of sustainable design features will be incorporated, including energy conserving heating/cooling, insulation, lighting, and appliances; water conservation technology in units; indoor air quality enhancements; and recycled/renewable finishes.

The design of Broadway-Sansome Apartments addresses its block long site by responding to the neighborhood context at both the eastern and western ends of the site. From Battery Street and stretching two thirds of the way up the block is a horizontally configured loft-like bar with retail frontage on the Broadway/Battery corner . This simple element has a boldly colored three story middle section over the retail base with a two story glassy loggia above. Sunshades for the raking south and west sun help animate the surfaces of this element. The configuration of the western portion of the block responds to the quite different character and scale of buildings on Sansome Street . Unit plans with recessed bedrooms create deep notches in the building and small, vertically proportioned elements of similar scale to the context buildings on this end of the site. The Broadway/Sansome corner also has retail frontage and the Broadway frontage is animated by the building entrance. The interplay of two compositional strategies related to the surrounding buildings articulates and gives appropriate scale to the only full block frontage on this portion of Broadway.

The project is anticipated to start construction by December of 2012 and be completed by December 2014.