

File No. 170877

Committee Item No. 7
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date September 7, 2017

Board of Supervisors Meeting

Date _____

Cmte Board

- | | | |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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Completed by: Linda Wong Date _____
Completed by: Linda Wong Date _____

1 [Multifamily Housing Revenue Bonds - 490 South Van Ness Avenue - Not to Exceed
2 \$65,000,000]

3 **Resolution declaring the intent of the City and County of San Francisco ("City") to**
4 **reimburse certain expenditures from proceeds of future bonded indebtedness;**
5 **authorizing the Director of the Mayor's Office of Housing and Community Development**
6 **("Director") to submit an application and related documents to the California Debt Limit**
7 **Allocation Committee ("CDLAC") to permit the issuance of residential mortgage**
8 **revenue bonds in an aggregate principal amount not to exceed \$65,000,000 for 490**
9 **South Van Ness Avenue; authorizing and directing the Director to direct the**
10 **Controller's Office to hold in trust an amount not to exceed \$100,000 in accordance**
11 **with CDLAC procedures; authorizing the Director to certify to CDLAC that the City has**
12 **on deposit the required amount; authorizing the Director to pay an amount equal to**
13 **such deposit to the State of California if the City fails to issue the residential mortgage**
14 **revenue bonds; approving, for purposes of the Internal Revenue Code of 1986, as**
15 **amended, the issuance and sale of residential mortgage revenue bonds by the City in**
16 **an aggregate principal amount not to exceed \$65,000,000; authorizing and directing the**
17 **execution of any documents necessary to implement this Resolution; and ratifying and**
18 **approving any action heretofore taken in connection with the Project, as defined**
19 **herein, and the Application, as defined herein.**

20
21 WHEREAS, The Board of Supervisors of the City and County of San Francisco ("Board
22 of Supervisors"), after careful study and consideration, has determined that there is a
23 shortage of safe and sanitary housing within the City and County of San Francisco ("City"),
24 particularly for low and moderate income persons, and that it is in the best interest of the
25

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

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

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

18 WHEREAS, 490 SVN Housing Associates L.P., a California limited partnership (or any
19 successor thereto including any successor owner of the Project, the "Developer"), desires to
20 construct an 81-unit affordable residential rental housing development located at 490 South
21 Van Ness Avenue, San Francisco, California 94103 ("Project"); and

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

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

3 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
4 \$65,000,000 and to loan the proceeds of the Bonds to the Developer ("Loan") to finance the
5 costs of the Project; and

6 WHEREAS, The Bonds will be limited obligations, payable solely from pledged
7 security, including Project revenues, and will not constitute a debt of the City; and

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

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

15 WHEREAS, The interest on the Bonds may qualify for tax exemption under Section
16 103 of the Internal Revenue Code of 1986, as amended ("Code"), only if the Bonds are
17 approved in accordance with Section 147(f) of the Code; and

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

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

21 WHEREAS, On July 12, 2017 the City caused a notice stating that a public hearing
22 with respect to the issuance of the Bonds would be held by the Mayor's Office of Housing and
23 Community Development and Community Development on July 27, 2017, to appear in The
24 San Francisco Examiner which is a newspaper of general circulation in the City; and
25

1 WHEREAS, The Mayor's Office of Housing and Community Development held the
2 public hearing described above on July 27, 2017, and an opportunity was provided for
3 persons to comment on the issuance of the Bonds and the Project; and

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

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

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

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

19 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to
20 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent
21 (0.5%) of the amount of allocation requested not to exceed \$100,000.00; now, therefore, be it

22 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
23 follows:

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

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

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

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

14 Section 5. The maximum principal amount of debt expected to be issued for the Project
15 is \$65,000,000.

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

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

22 Section 8. The Board of Supervisors hereby authorizes the Director of the Mayor's
23 Office of Housing and Community Development, including any acting or interim director, or
24 such person's designee ("Director"), on behalf of the City, to submit an application
25 ("Application"), and such other documents as may be required, to CDLAC pursuant to

1 Government Code Section 8869.85 for an allocation for the Project of a portion of the state
2 ceiling for private activity bonds in a principal amount not to exceed \$65,000,000.

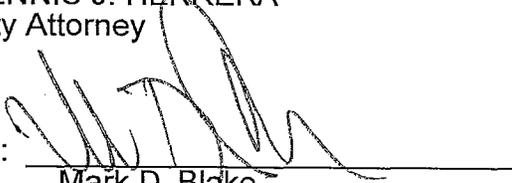
3 Section 9. An amount equal to one-half of one percent (0.5%) of the amount of the
4 CDLAC allocation requested for the Project, not to exceed \$100,000 ("Deposit"), is hereby
5 authorized to be held on deposit in connection with the Application and the applicable CDLAC
6 procedures, and the Director is authorized to certify to CDLAC that such funds are available.

7 Section 10. If the City receives a CDLAC allocation for the Project and the Bonds are
8 not issued, the Mayor's Office of Housing and Community Development is hereby authorized
9 to cause an amount equal to the Deposit to be paid to the State of California, if and to the
10 extent required by CDLAC.

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

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

3
4 APPROVED AS TO FORM:
5 DENNIS J. HERRERA
6 City Attorney

7 By: 
8 Mark D. Blake
9 Deputy City Attorney
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7/24/2017

**City and County of San Francisco
Multifamily Securities Program
Project Description**

490 South Van Ness

Overview

The funds described in the “Financing Structure” section below will be used to finance the development of 490 South Van Ness, an 81-unit affordable multifamily housing project to be located at 490 South Van Ness Avenue in the City and County of San Francisco (the “Project”).

Upon completion, the Project will include approximately 79,138 square feet of gross floor area, comprised of 64,680 square feet of residential area and 14,558 square feet of non-residential area. Non-residential spaces will include property management offices, services space, multipurpose community room space, bicycle parking, and a small commercial space.

Total project costs, including the cost to acquire the land and construct a new building, will be approximately \$64,017,891, or \$719,302 per dwelling unit.

The residential unit distribution, which will include a single 3-bedroom superintendent unit, is:

<u>Unit type</u>	<u>Number of units</u>
Studio	2
1-Bedroom	44
2-Bedroom	30
3-Bedroom	5

All of the residential units at the Project will serve households earning no more than 60 percent of the San Francisco County Area Median Income (“AMI”).

Residents

No residents will be displaced by this development as the site is currently a vacant lot.

Site Description and Scope of Work

Address: 490 South Van Ness Avenue, San Francisco, CA 94103
Block/Lot: 3553/008

Property amenities will include:

- a community room,
- property management offices,
- private roof deck open space,
- bicycle storage, and
- social services offices.

Development and Management Team

Project Sponsors:	BRIDGE Housing/Mission Housing Development Corporation
General Contractor:	Nibbi Brothers
Architect of Record:	Ankram Moisan Architects
Property Manager:	BRIDGE Property Management Company

Project Ownership Structure

Borrower Entity:	490 SVN Housing Associates, LP
Managing General Partner:	BRIDGE Housing

An investor limited partner will own a 99.99% interest in the borrower entity.

Financing Structure

The following sources of capital financing are expected to be utilized:

- tax-exempt bonds issued by the City,
- 4% low income housing tax credits ("LIHTC"),
- soft debt from the City,
- Affordable Housing Program ("AHP") funds from the Federal Home Loan Bank ("FHLB").

The sale of LIHTC will generate equity financing for the Project. The amount of private activity tax-exempt bonds used during construction will be sized specifically to meet the 50% of aggregate basis test required for the LIHTC.

Schedule

Financing is anticipated to close between February and March of 2018, with construction commencing within 10 days closing. All construction is scheduled to be completed by February 2020.

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ADAM CRAY
CCSF MAYOR'S OFFICE OF HOUSING
ONE SOUTH VAN NESS AVE 5TH FLR
SAN FRANCISCO, CA 94103-5416

EXM# 3030280

NOTICE OF PUBLIC HEARING
NOTICE IS HEREBY GIVEN that on Thursday, July 27, 2017 at 11:00 a.m., in the Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, the City and County of San Francisco (the "City") will conduct a public hearing (the "Public Hearing") at which time the City will hear and consider information concerning the proposed sale and issuance by the City of multifamily housing mortgage revenue bonds or notes (the "Bonds") in an aggregate principal amount not to exceed sixty-five million dollars (\$65,000,000). The proceeds of the Bonds will be loaned to 490 SVN Housing Associates L.P. (or an affiliate thereof or successor thereto) (the "Borrower"), pursuant to a loan agreement (the "Loan Agreement"). The proceeds of the Bonds loaned to the Borrower will be used to finance the construction and/or rehabilitation of approximately 81 units of residential rental housing located at 490 South Van Ness Avenue, San Francisco, California 94103 (the "Project"). The Project will be owned and operated by the Borrower. The Bonds will be paid entirely by the Borrower from the revenues of the Project, in accordance with the Loan Agreement. Neither the full faith and credit nor the taxing power of the City, the State of California (the "State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal, premium, if any, or interest on the Bonds, nor shall the City, the State or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal, premium, if any, or interest on the Bonds. The Public Hearing is intended to comply with the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended. All those interested in matters related to the issuance of the Bonds and to the financing of the Project are invited to attend and be heard at this hearing. Interested parties may appear in person at the time and place indicated above or submit written comments,

which must be received prior to the Public Hearing, to the City, c/o Adam Cray, Mayor's Office of Housing and Community Development, at the address indicated above. Date: July 12, 2017

CITY AND COUNTY OF SAN FRANCISCO
Kate Hartley, Acting Director
Mayor's Office of Housing and Community Development

COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE
Ad Description TEFRA AD; 490 SOUTH VAN NESS

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO EXAMINER. Thank you for using our newspaper. Please read this notice carefully and call us with ny corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

07/12/2017

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an



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OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *EW* Mayor Edwin M. Lee *[Signature]*
RE: Multifamily Housing Revenue Bonds - 490 South Van Ness Avenue, San Francisco, California 94103 - Not to Exceed \$65,000,000
DATE: July 25, 2017

Attached for introduction to the Board of Supervisors is a 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 and Community Development (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 \$65,000,000 for 490 South Van Ness Avenue (San Francisco, California 94103); 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 \$65,000,000; 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.

Please note that this legislation is co-sponsored by Supervisor Ronen.

I respectfully request that this item be heard in Budget & Finance Committee on September 7, 2017.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2017 JUL 25 PM 4:00
[Handwritten initials]

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s):	City elective office(s) held:
Members, Board of Supervisors	Members, Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>
Name of contractor:
490 SVN Housing Associates, LP
<p><i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i></p> <p>490 SVN Housing Associates, LP is comprised of a General Partner (490 SVN Housing Associates, LLC) with 1% ownership, and a Limited Partner (BRIDGE Regional Partners, Inc.) with 99% ownership. 490 SVN Housing Associates, LLC is owned by MCB Family Housing, Inc. (60%) and Colosimo Apartments, Inc. (40%).</p> <p>MCB Family Housing, Inc. has the following Directors:</p> <ul style="list-style-type: none"> • Ann Silverberg • Cynthia Parker • D. Valentine • Kimberly McKay • Rebecca Hlebasko • Susan Johnson <p>BRIDGE Regional Partners, Inc. has the following Directors:</p> <ul style="list-style-type: none"> • Ann Silverberg • Cynthia Parker • D. Valentine • Kimberly McKay • Rebecca Hlebasko • Susan Johnson <p>MCB Family Housing, Inc. and BRIDGE Regional Partners, Inc. are wholly controlled by BRIDGE Housing Corporation, whose executive team is:</p> <ul style="list-style-type: none"> • CEO – Cynthia Parker • CFO – D. Valentine • COO – Susan Johnson <p>Colosimo Apartments, Inc. has the following directors:</p> <ul style="list-style-type: none"> • Joshua Arce • Sam Moss • Marcia Contreras • Fernanda Gmoez-Benitez <p>MHDC's executive team is:</p> <ul style="list-style-type: none"> • Executive Director – Sam Moss • Director of Operations & Resident Services – Marcia Contreras • Director of Finance – Bhanu Patel

Contractor address: 490 SVN Housing Associates, LP is registered at 600 California Street, Suite 900, San Francisco, CA, 94108	
Date that contract was approved:	Amount of contract: \$65,000,000
Describe the nature of the contract that was approved: Tax-exempt financing for 81 affordable housing units	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: **San Francisco Board of Supervisors**

Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information (Please print clearly.)	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed