

1 [Multifamily Housing Revenue Bonds - 1415 Mission Street]

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3 **Resolution declaring the intent of the City and County of San Francisco to reimburse**
4 **certain expenditures from proceeds of future bonded indebtedness; authorizing the**
5 **Director of the Mayor’s Office of Housing to submit an application and related**
6 **documents to the California Debt Limit Allocation Committee (CDLAC) to authorize the**
7 **issuance of residential mortgage revenue bonds in an aggregate principal amount not**
8 **to exceed \$42,000,000 for a 121 unit residential rental housing development to be**
9 **located at 1415 Mission Street; authorizing and directing the Director to request 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 \$42,000,000; 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 (the
22 “Board 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 (the “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, the City has enacted the City and County of San Francisco
6 Residential Mortgage Revenue Bond Law (the "City Law"), constituting Article I of Chapter 43
7 of the San Francisco Administrative Code, in order to establish a procedure for the
8 authorization, issuance and sale of residential mortgage revenue bonds by the City for the
9 purpose of providing funds to encourage the availability of adequate housing and home
10 finance for persons and families of low or moderate income, and to develop viable
11 communities by providing decent housing, enhanced living environments, and increased
12 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 (the "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, Martin Building Company (or any successor thereto including any
19 successor owner of the Project, the "Developer"), desires to construct a 121-unit residential
20 rental housing development located at 1415 Mission Street (the "Project"); and

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

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

1 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
2 \$42,000,000 and to loan the proceeds of the Bonds to the Developer (the "Loan") to finance
3 the costs of the Project; and

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

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

11 WHEREAS, The interest on the Bonds may qualify for tax exemption under Section
12 103 of the Internal Revenue Code of 1986, as amended (the "Code"), only if the Bonds are
13 approved in accordance with Section 147(f) of the Code; and

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

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

17 WHEREAS, On August 21, 2012, the City caused a notice stating that a public hearing
18 with respect to the issuance of the Bonds would be held by the Mayor's Office of Housing on
19 September 4, 2012, to appear in The San Francisco Examiner, which is a newspaper of
20 general circulation in the City; and

21 WHEREAS, The Mayor's Office of Housing held the public hearing described above on
22 September 4, 2012 and an opportunity was provided for persons to comment on the issuance
23 of the Bonds and the Project; and the minutes of such hearing were provided to this Board of
24 Supervisors prior to this meeting; and

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

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

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

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

16 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to
17 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent
18 (1/2%) of the amount of allocation requested not to exceed \$100,000; now, therefore be it

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

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

23 Section 2. The Board of Supervisors adopts this Resolution for purposes of
24 establishing compliance with the requirements of Section 1.150-2 of the United States
25 Treasury Regulations. This Resolution does not bind the Board of Supervisors to issue the

1 Bonds, approve the Loan or to make any expenditure, incur any indebtedness or proceed with
2 the Project.

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

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

11 Section 5. The maximum principal amount of debt expected to be issued for the Project
12 is \$42,000,000.

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

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

19 Section 8. The Board of Supervisors hereby authorizes the Director or his designee of
20 the Mayor's Office of Housing (the "Director"), on behalf of the City, to submit an application
21 (the "Application"), and such other documents as may be required, to CDLAC pursuant to
22 Government Code Section 8869.85 for an allocation for the Project of a portion of the state
23 ceiling for private activity bonds in a principal amount not to exceed \$42,000,000.

24 Section 9. An amount equal to \$100,000 ("Deposit") is hereby authorized to be held on
25 deposit in connection with the Application and the applicable CDLAC procedures, and the

1 Director is authorized to certify to CDLAC that such funds are available; which Deposit shall
2 consist of a restriction on cash in the Hotel Tax Fund established pursuant to Section 515.01
3 of Article 7 of the San Francisco Business and Tax Regulations Code (the "Hotel Tax Fund").

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

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

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

16 APPROVED AS TO FORM:

17 DENNIS J. HERRERA
18 City Attorney

19 By: _____
20 KENNETH DAVID ROUX
21 Deputy City Attorney