

File No. 160483

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date May 18, 2016

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <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 checked="" 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 |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input 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 May 13, 2016
 Completed by: Linda Wong Date _____

1 [Multifamily Housing Revenue Bonds - Mission Bay South Block East - 1150-3 Street - Not to
2 Exceed \$90,000,000]

3 **Resolution declaring the intent of the City and County of San Francisco (the "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 **(the "Director") to submit an application and related documents to the California Debt**
7 **Limit Allocation Committee ("CDLAC") to permit the issuance of residential mortgage**
8 **revenue bonds in an aggregate principal amount not to exceed \$90,000,000 for**
9 **1150-3 Street; authorizing and directing the Director to direct the Controller's Office to**
10 **hold in trust an amount not to exceed \$100,000 in accordance with CDLAC procedures;**
11 **authorizing the Director to certify to CDLAC that the City has on deposit the required**
12 **amount; authorizing the Director to pay an amount equal to such deposit to the State of**
13 **California if the City fails to issue the residential mortgage revenue bonds; authorizing**
14 **and directing the execution of any documents necessary to implement this Resolution;**
15 **and ratifying and approving any action heretofore taken in connection with the Project,**
16 **as defined herein, and the Application, as defined herein.**

17
18 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
19 "Board of Supervisors"), after careful study and consideration, has determined that there is a
20 shortage of safe and sanitary housing within the City and County of San Francisco (the "City"),
21 particularly for low and moderate income persons, and that it is in the best interest of the
22 residents of the City and in furtherance of the health, safety, and welfare of the public for the
23 City to assist in the financing of multi-family rental housing units; and

24 WHEREAS, Acting under and pursuant to the powers reserved to the City under
25 Sections 3, 5, and 7 of Article XI of the Constitution of the State of California and Sections

1 1.101 and 9.107 of the Charter of the City and County of San Francisco, the City has enacted
2 the City and County of San Francisco Residential Mortgage Revenue Bond Law (the "City
3 Law"), constituting Article I of Chapter 43 of the San Francisco Administrative Code, in order
4 to establish a procedure for the authorization, issuance and sale of residential mortgage
5 revenue bonds by the City for the purpose of providing funds to encourage the availability of
6 adequate housing and home finance for persons and families of low or moderate income, and
7 to develop viable communities by providing decent housing, enhanced living environments,
8 and increased economic opportunities for persons and families of low or moderate income;
9 and

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

15 WHEREAS, MB3E, L.P., a California limited partnership (or any successor thereto
16 including any successor owner of the Project, the "Developer"), desires to acquire land and
17 construct a 101-unit affordable residential rental housing development located at 1150 3rd
18 Street, San Francisco, California 94158 (Block 8711, Lot 026 in the records of the City's
19 Assessor-Recorder) (the "Project"); and

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

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

1 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
2 \$90,000,000 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 Bonds will be limited obligations, payable solely from pledged
5 security, including Project revenues, and will not constitute a debt of the City; and

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

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

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

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

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

1 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to
2 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent
3 (1/2%) of the amount of allocation requested not to exceed \$100,000.00; now, therefore, be it

4 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
5 follows:

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

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

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

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

21 Section 5. The maximum principal amount of debt expected to be issued for the Project
22 is \$90,000,000.

23 Section 6. The Board of Supervisors hereby authorizes the Director of the Mayor's
24 Office of Housing and Community Development, or his designee (the "Director"), on behalf of
25 the City, to submit an application (the "Application"), and such other documents as may be

1 required, to CDLAC pursuant to Government Code Section 8869.85 for an allocation for the
2 Project of a portion of the state ceiling for private activity bonds in a principal amount not to
3 exceed \$90,000,000.

4 Section 7. An amount equal to one-half of one percent (0.5%) of the amount of the
5 CDLAC allocation requested for the Project, not to exceed \$100,000 ("Deposit"), is hereby
6 authorized to be held on deposit in connection with the Application and the applicable CDLAC
7 procedures, and the Director is authorized to certify to CDLAC that such funds are available.

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

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

19 Section 10. This Resolution shall take effect from and after its adoption by the Board
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1 and approval by the Mayor.

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

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By: Kenneth David Roux
Kenneth David Roux
Deputy City Attorney
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May 3, 2016

**City and County of San Francisco
Multifamily Housing Revenue Bond Program
Project Description**

Mission Bay South Block 3 East - 1150 3rd Street

Overview

The funds described in the “Financing Structure” section below will be used to finance the development of 1150 3rd Street, a 101-unit affordable multifamily housing project to be located at 1150 3rd Street in San Francisco’s Mission Bay neighborhood (the “Project”). The Project, which is being developed by Chinatown Community Development Center and Swords to Plowshares, will serve low-income families and formerly homeless veterans.

Upon completion, the Project will include approximately 121,832 square feet of gross floor area, comprised of 78,778 square feet of residential area and 61,027 square feet of non-residential area. Non-residential spaces will include a large community room; multipurpose and youth rooms; office and counseling spaces; laundry facilities; and a large, landscaped central courtyard.

Total project costs, including the cost to acquire the land and construct new buildings, will be approximately \$90 million, or \$892,000 per dwelling unit.

The residential unit distribution, which will include a single 3-bedroom onsite manager’s unit, is as follows:

<u>Unit type</u>	<u>Number of units</u>
1-Bedroom	50
2-Bedroom	30
3-Bedroom	21

50% percent of the residential units will serve veteran households earning less than 30 percent of the San Francisco County Area Median Income (“AMI”); these one-bedroom units will be set aside for formerly homeless veterans. Thirty (30) units will serve households earning less than 50 percent of AMI and 20 households earning less than 60 percent AMI.

The developers anticipate receiving a combination of VASH and LOSP subsidies. In the event of a loss of subsidy, the maximum rents would go to 60% AMI.

Residents

No residents will be displaced as this is a new construction project.

Site Description and Scope of Work

Address: 1150 3rd Street, San Francisco, California 94158
Block/Lot: 8711/026

Property amenities will include:

- a community room w/ kitchen;
- a computer lab;
- a teen room;
- a multi-purpose room;
- two laundry rooms;
- courtyards on upper and lower levels;
- a multigenerational, fully accessible multi-use space;
- architectural and sculptural play features;
- a community gardening area;
- a parking garage with 19 spaces, including two car share vehicles; and
- multiple green building elements.

Development and Management Team

Project Sponsors:	Chinatown Community Development Center and Swords to Plowshares
General Contractor:	Nibbi Brothers General Contractors
Architect of Record:	Leddy Maytum Stacy Architects
Property Manager:	Chinatown Community Development Center and Swords to Plowshares

Project Ownership Structure

Borrower Entity:	MB3E, L.P.
Managing Member:	CCDC-MB3E LLC

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”);
- an Office of Community Investment and Infrastructure loan;
- California Veterans Housing and Homelessness Prevention Program;
- HUD Veterans Affairs Supportive Housing;
- Federal Home Loan Bank Affordable Housing Program;
- California Affordable Housing and Sustainable Communities Program;
- Local Operating Subsidy Program; and
- a conventional first mortgage.

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. The calculation of tax credits utilizes a 30% basis boost as the U.S. Department of Housing and Urban Development has designated San Francisco County a “difficult development area.”

Schedule

Financing is anticipated to close between June and September 2017, with construction commencing within 14 days of closing. All construction is scheduled to be completed by June 2019.

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
Time stamp
2016 MAY 9 AM 11:08
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) AK
- 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. Reactivate File No. []
- 10. 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 Imperative Form.

Sponsor(s):

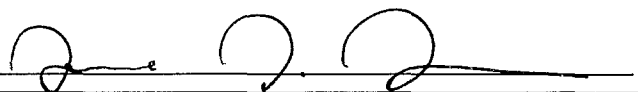
Supervisor Kim

Subject:

Multifamily Housing Revenue Bonds- 1150 3rd Street, San Francisco, California 94158 ("Mission Bay South Block 3 East") - Not to Exceed \$90,000,000

The text is listed below or attached:

See attached.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

