

File No. 151149

Committee Item No. 25
Board Item No. 41

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 18, 2015

Board of Supervisors Meeting

Date December 1, 2015

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
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| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
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Completed by: Linda Wong Date November 13, 2015
Completed by: Linda Wong Date 11/19/15

1 [Multifamily Housing Revenue Bonds - 1300-4 Street (also known as Mission Bay South Block
2 6 East) - Not to Exceed \$75,000,000]

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 \$75,000,000 for 1300-**
9 **Street (also known as Mission Bay South Block 6 East); authorizing and directing the**
10 **Director to direct the Controller's Office to hold in trust an amount not to exceed**
11 **\$100,000 in accordance with CDLAC procedures; authorizing the Director to certify to**
12 **CDLAC that the City has on deposit the required amount; authorizing the Director to**
13 **pay an amount equal to such deposit to the State of California if the City fails to issue**
14 **the residential mortgage revenue bonds; approving, for purposes of the Internal**
15 **Revenue Code of 1986, as amended, the issuance and sale of residential mortgage**
16 **revenue bonds by the City in an aggregate principal amount not to exceed \$75,000,000;**
17 **authorizing and directing the execution of any documents necessary to implement this**
18 **Resolution; and ratifying and approving any action heretofore taken in connection with**
19 **the Project, as defined 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 residents of the City and in furtherance of the health, safety, and welfare of the public for the

1 City to assist in the financing of multi-family rental housing units; and

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

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

17 WHEREAS, **1300 Fourth Street Associates, L.P.**, a California limited partnership, (or
18 any successor thereto including any successor owner of the Project, the "Developer"), desires
19 to construct a 143 unit affordable residential rental housing development located at 1300-4
20 Street (also known as Mission Bay South Block 6 East), San Francisco, California 94107 (the
21 "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 (the "Bonds"); and

25 WHEREAS, The Developers have requested that the City assist in the financing of the

1 Project through the issuance of one or more series of tax-exempt residential rental housing
2 bonds (the "Bonds"); and

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

5 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
6 \$75,000,000 and to loan the proceeds of the Bonds to the Developer (the "Loan") to finance
7 the costs of the Project; and

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

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

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

17 WHEREAS, The interest on the Bonds may qualify for tax exemption under Section
18 103 of the Internal Revenue Code of 1986, as amended (the "Code"), only if the Bonds are
19 approved in accordance with Section 147(f) of the Code; and

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

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

23 WHEREAS, On October 12, 2015, and on October 19, 2015, the City caused a notice
24 stating that a public hearing with respect to the issuance of the Bonds would be held by the
25 Mayor's Office of Housing and Community Development on October 26, 2015, to appear in

1 The San Francisco Examiner, which is a newspaper of general circulation in the City; and

2 WHEREAS, The Mayor's Office of Housing and Community Development held the
3 public hearing described above on October 26, 2015, and an opportunity was provided for
4 persons to comment on the issuance of the Bonds and the Project; and the minutes of such
5 hearing were provided to this Board of Supervisors prior to this meeting; and

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

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

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

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

21 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to
22 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent
23 (1/2%) of the amount of allocation requested not to exceed \$100,000.00; now, therefore, be it

24 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
25 follows:

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

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

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

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

16 Section 5. The maximum principal amount of debt expected to be issued for the Project
17 is \$75,000,000.

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

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

24 Section 8. The Board of Supervisors hereby authorizes the Director, or his designee of
25 the Mayor's Office of Housing and Community Development (the "Director"), on behalf of the

1 City, to submit an application (the "Application"), and such other documents as may be
2 required, to CDLAC pursuant to Government Code Section 8869.85 for an allocation for the
3 Project of a portion of the state ceiling for private activity bonds in a principal amount not to
4 exceed \$75,000,000.

5 Section 9. An amount equal to \$100,000 ("Deposit") is hereby authorized to be held on
6 deposit in connection with the Application and the applicable CDLAC procedures, and the
7 Director is authorized to certify to CDLAC that such funds are available.

8 Section 10. If the City receives a CDLAC allocation and the applicable issuance
9 requirements are not met, the Mayor's Office of Housing and Community Development is
10 hereby authorized to cause an amount equal to the Deposit to be paid to the State of
11 California.

12 Section 11. 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.

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
8 By: 
9 HEIDI GEWERTZ
10 Deputy City Attorney
11 n:\financ\as2015\1600252\01058414.docx

**MAYOR'S OFFICE OF HOUSING
AND COMMUNITY DEVELOPMENT
CITY AND COUNTY OF SAN FRANCISCO**



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

October 30, 2015

Honorable Jane Kim
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 Tax Exempt Residential Rental Housing Bonds for 1300 4th Street (also known as Mission Bay South Block 6 East)

With this memo, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, November 3, 2015, a resolution regarding qualified mortgage revenue bonds for 1300 4th Street (also known as 1300 Fourth Street), San Francisco, a family housing development sponsored by 1300 Fourth Street Associates, L.P. (the "Project"). Funds generated from the execution and delivery of the Bonds would be used to pay certain costs incurred in connection with the Project.

The Project will consist of 53 one bedroom, 47 two bedroom, and 43 three bedroom units (which includes one manager's unit), 41 parking spaces, 136 bicycle parking spaces, approximately 9,730 square feet of ground floor retail, and open space. These units will be affordable to households earning between 20-50% of the Area Median Income ("AMI"), with 29 units set aside for formerly homeless households.

The resolution would authorize Olson Lee, 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 \$75,000,000. This resolution would only authorize the Mayor's Office of Housing and Community Development ("MOHCD") to apply for the 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.


MOHCD 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 is the project revenues themselves and the credit enhancement provided by lenders.

Introduction on November 3, 2015 ensures that we have enough time to continue gathering information for the application which is due on December 18, 2015.

The attached resolution has been approved as-to-form by Deputy City Attorney Heidi Gewertz. 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 Pamela Sims at the Office of Community Investment and Infrastructure at 701-5564.

Thank you,

A handwritten signature in black ink, appearing to read "Teresa Yanga", written in a cursive style.

Teresa Yanga
Director of Housing Development

Project Description

1300 Fourth Street Family Housing

The project, 1300 Fourth Street (also known as Mission Bay South Block 6 East), is located in the Mission Bay South community of San Francisco on a flat, rectangular shaped 63,256 sq. ft. parcel which includes the midblock area. The Site is across Merrimac Street from the market rate, under construction Block 11 development, which consists of 188 residential units with no retail space. To the north, across China Basin Street, is Block 5, which includes 172 units with 15,000 sf of retail space. To the east of the Site is MBS Block 7W which is a 200 unit affordable development that is currently under construction. The project is in a transit-rich location and is located one block from the Mission Rock Muni Light Rail station for the T-Third line.

The Project will consist of 53 one bedroom, 47 two bedroom, and 43 three bedroom units (which includes one manager's unit), 41 parking spaces, 136 bicycle parking spaces, approximately 9,730 square feet of ground floor retail, and open space. The units will be affordable to households earning between 20-50% of the Area Median Income ("AMI"), with 29 units set aside for formerly homeless households.

The townhomes will be Type V (wood) construction, while the remainder of the building will consist of Type III (masonry walls with wood interiors) over a Type I (concrete) podium. The Project includes an 180,215 square foot mixed-use building with a large community room and gathering space for teens, which face each other across a courtyard with outdoor seating and barbeque amenities. Past the elevator lobby and services offices is bike storage that overlooks a children's play area which is linked by stadium stairs to an upper level garden for "passive" play which will be accessed from a lower courtyard via stair, or from the second level. Finally, a "Quiet Courtyard" will be included as a place for more passive activities (i.e., reading and visiting). The northern portion of the Project that fronts 4th Street rises 45 feet and includes three stories of residential uses above a 15-foot ground floor podium which accommodates the project's retail and parking. The retail space is located along the 4th Street frontage and wraps around the corner at China Basin Street. The shell space for 826 Valencia at the corner is over 41' deep, which will allow ample room for this award winning motivational literacy and writing program for school aged children who live at 1300 Fourth Street and for children in the greater Mission Bay area.

Construction is planned to commence no later than Summer 2016.

SAN FRANCISCO EXAMINER

835 MARKET ST, SAN FRANCISCO, CA 94103
Telephone (415) 314-1835 / Fax (510) 743-4178

This space for filing stamp only

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

EXM#: 2804070

PROOF OF PUBLICATION

(2015.5 C.C.P.)

State of California)
County of SAN FRANCISCO) ss

Notice Type: GPN - GOVT PUBLIC NOTICE

Ad Description:

TEFRA Hearing for 1300 4th Street

I am a citizen of the United States and a resident of the State of California; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the SAN FRANCISCO EXAMINER, a newspaper published in the English language in the city of SAN FRANCISCO, county of SAN FRANCISCO, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of SAN FRANCISCO, State of California, under date 10/18/1951, Case No. 410667. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

10/12/2015, 10/19/2015

Executed on: 10/19/2015
At Los Angeles, California

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Signature

NOTICE OF PUBLIC HEARING
NOTICE IS HEREBY GIVEN that on October 26, 2015, at 10:00 a.m., at the Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, California 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 private activity multifamily affordable housing mortgage revenue bonds (the "Bonds") in an aggregate principal amount not to exceed seventy-five million dollars (\$75,000,000). All or a portion of the proceeds of the Bonds will be loaned to 1300 Fourth Street Associates, LP (or any successor thereto including any successor owner of the Project) (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 of up to 143 affordable rental units located at 1300 4th Street (aka, Mission Bay South Block 6 East), San Francisco, California 94107, including ground floor retail along Fourth Street, a 41 space parking structure, at-grade and mid-block courtyards, a large community room, common amenity spaces for residents, and accessory use spaces (the "Project"). The Project will be owned and operated by the Borrower (or any successor thereto). 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 Pamela Sims, Office of Community Investment and Infrastructure, at the address indicated above.
Date: October 12, 2015
CITY AND COUNTY OF SAN FRANCISCO
Teresa Yanga,
Housing Development Director
Mayor's Office of Housing and Community Development



Mayor's Office of Housing and Community Development
City and County of San Francisco



Edwin M. Lee
Mayor

Olson Lee
Director

Public Hearing as required by Section 147(f) of the Internal Revenue Code of 1986

1300 Fourth Street

Date: October 26, 2015

Time: 10:00 A.M.

Location: Mayor's Office of Housing and Community Development (MOHCD) of the
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Present: No members of the public attended the hearing.

The hearing was held to obtain public comment on the proposed issuance by the City and County of San Francisco of multifamily housing revenue bonds in an amount up to \$75,000,000 for the purpose of financing the construction of approximately 143 units of residential rental housing and related and subordinate facilities, to be constructed at 1300 Fourth Street in San Francisco.

The public hearing was convened at 10:00 A.M. [There were no written comments received on the proposed issuance. Except for a representative from the Mayor's Office of Housing and Community Development, there were no persons present wishing to comment on the proposed bond issuance or on the project.] The hearing was adjourned at 10:30 A.M.

Minutes prepared by:

A handwritten signature in black ink, appearing to read "Pamela J. [Name]", written over a horizontal line.

Date: October 26, 2015

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

RECEIVED
 BOARD OF SUPERVISORS
 SAN FRANCISCO
 Time stamp
 or meeting date
 2019-07-30 11:12:35

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

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment) *213*
- 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):

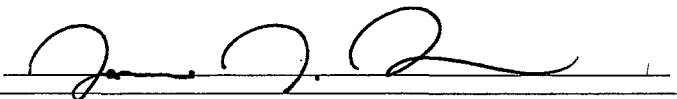
Supervisor Kim

Subject:

Multifamily Housing Revenue Bonds - 1300 4th Street, San Francisco, CA 94107 (also known as Mission Bay South Block 6 East)

The text is listed below or attached:

Please see attached.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only: