

File No. 120890

Committee Item No. \_\_\_\_\_

Board Item No. 25

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee \_\_\_\_\_

Date \_\_\_\_\_

Board of Supervisors Meeting

Date September 11, 2012

#### Cmte Board

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|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/> | <input checked="" 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 Analyst Report                        |
| <input type="checkbox"/> | <input type="checkbox"/>            | Legislative Analyst Report                   |
| <input type="checkbox"/> | <input type="checkbox"/>            | Introduction Form (for hearings)             |
| <input 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"/>            | Award Letter                                 |
| <input type="checkbox"/> | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/> | <input type="checkbox"/>            | Public Correspondence                        |

OTHER (Use back side if additional space is needed)

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Completed by: Joy Lamug

Date September 6, 2012

Completed by: \_\_\_\_\_

Date \_\_\_\_\_

An asterisked item represents the cover sheet to a document that exceeds 20 pages. The complete document is in the file.

1 [Multifamily Housing Revenue Bonds - 440 Valencia Street, Plaza Del Sol]

2  
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 permit the**  
7 **issuance of residential mortgage revenue bonds in an aggregate principal amount not**  
8 **to exceed \$9,000,000 for 440 Valencia Street, Plaza del Sol; authorizing and directing**  
9 **the Director to direct the Controller's Office to hold in trust an amount not to exceed**  
10 **\$45,000 in accordance with CDLAC procedures; authorizing the Director to certify to**  
11 **CDLAC that the City has on deposit the required amount; authorizing the Director to**  
12 **pay an amount equal to such deposit to the State of California if the City fails to issue**  
13 **the residential mortgage revenue bonds; approving, for purposes of the Internal**  
14 **Revenue Code of 1986, as amended, the issuance and sale of residential mortgage**  
15 **revenue bonds by the City in an aggregate principal amount not to exceed \$9,000,000;**  
16 **authorizing and directing the execution of any documents necessary to implement**  
17 **this Resolution; and ratifying and approving any action heretofore taken in**  
18 **connection with the Project (as defined herein) and the Application (as defined**  
19 **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  
24 "City"), particularly for low and moderate income persons, and that it is in the best interest of  
25

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1 the residents of the City and in furtherance of the health, safety, and welfare of the public for  
2 the 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  
7 43 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, MHDC HPD Plaza Del Sol, L.P., a California limited partnership,  
19 sponsored by Mission Housing Development Corporation, a California non-profit public  
20 benefit corporation ("MHDC"), or another partnership sponsored by MHDC (in either case,  
21 the "Developer"), desires to rehabilitate a 59-unit residential rental housing development  
22 located at 440 Valencia Street (the "Project"); and,

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

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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 \$9,000,000 and to loan the proceeds of the Bonds to the Developer (the "Loan") to finance  
5 the costs of the Project; and,

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

13          WHEREAS, The interest on the Bonds may qualify for tax exemption under Section  
14 103 of the Internal Revenue Code of 1986, as amended (the "Code"), only if the Bonds are  
15 approved in accordance with Section 147(f) of the Code; and,

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

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

19          WHEREAS, On July 27, 2012, the City caused a notice stating that a public hearing  
20 with respect to the issuance of the Bonds would be held by the Mayor's Office of Housing on  
21 August 13, 2012, to appear in The San Francisco Examiner, which is a newspaper of  
22 general circulation in the City; and,

23          WHEREAS, The Mayor's Office of Housing held the public hearing described above  
24 on August 13, 2012 and an opportunity was provided for persons to comment on the  
25 issuance of the Bonds and the Project; and,

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1 WHEREAS, This Board of Supervisors is the elected legislative body of the City and  
2 is the applicable elected representative required 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;  
8 and,

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

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

17 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling  
18 to certify to CDLAC that applicant has on deposit an amount equal to one-half of one  
19 percent (1/2%) of the amount of allocation requested; now, therefore be it

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

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

24 Section 2. The Board of Supervisors adopts this Resolution for purposes of  
25 establishing compliance with the requirements of Section 1.150-2 of the United States

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1 Treasury Regulations. This Resolution does not bind the Board of Supervisors to issue the  
2 Bonds, approve the Loan or to make any expenditure, incur any indebtedness or proceed  
3 with the Project.

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

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

12 Section 5. The maximum principal amount of debt expected to be issued for the  
13 Project is \$9,000,000.

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

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

20 Section 8. The Board of Supervisors hereby authorizes the Director of the Mayor's  
21 Office of Housing, or his designee (collectively, the "Director"), on behalf of the City, to  
22 submit an application (the "Application"), and such other documents as may be required, to  
23 CDLAC pursuant to Government Code Section 8869.85 for an allocation for the Project of a  
24 portion of the state ceiling for private activity bonds in a principal amount not to exceed  
25 \$9,000,000.

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revised on: 8/1/2012 - n:\spclproj\kroux\housing deals\plaza del sol (2012)\inducement resolution.docx

1 Section 9. An amount equal to \$45,000 ("Deposit") is hereby authorized to be held on  
2 deposit in connection with the Application and the applicable CDLAC procedures, and the  
3 Director is authorized to certify to CDLAC that such funds are available; which Deposit may  
4 consist of a restriction on cash in the Hotel Tax Fund established pursuant to Section 515.01  
5 of Article 7 of the San Francisco Business and Tax Regulations Code (the "Hotel Tax  
6 Fund").

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

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

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

19  
20 APPROVED AS TO FORM:

21 DENNIS J. HERRERA  
22 City Attorney

23 By: Kenneth David Roux  
24 KENNETH DAVID ROUX  
25 Deputy City Attorney

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## Plaza Del Sol Apartments Today

Plaza del Sol is a 59 unit multi-family affordable housing development located in San Francisco's Mission District that is owned and operated by 480 Valencia Associates, a CA Limited Partnership. The Apartments serve very low income residents at 35% and 50% of AMI. The Apartments were constructed by MHDC, and were placed in service in 1995. Construction of the Apartments was financed with various loans, and also tax credit equity from Edison Community Capital. In 2010, the tax credit limited partner, Edison Community Capital, withdrew from the project, and MHDC inserted a new, affiliate entity in Edison's position.

Since completion in 1995, the Apartments have continuously served the very low income community in San Francisco. After 17 years, the Apartments have understandably gone through normal wear-and-tear, in addition to other customary property issues that affect the living experience for residents. A recent MHDC-commissioned capital needs assessment report indicates approximately \$932,000 in immediate repair needs, and intends to perform approximately Two Million Three Hundred Thousand Dollars (\$2,300,000) in total rehabilitation so that the Apartments are preserved long term for the very low income community. The rehabilitation work will increase the operating efficiency of the property by implementing an array of energy retrofit improvements such as photovoltaic arrays, lighting upgrades and water related efficiency improvements. The rehabilitation work will also improve security at the property by addressing the need for new security cameras and exterior lighting. MHDC also intends to make replacements of existing millwork and finishes inside resident units, make improvements to the community room and play areas, and address a long-standing water intrusion issue that has kept one unit offline for a significant period of time. MHDC will also continue to provide services to the property through its Resident Services Department. Affordability restrictions on the Apartments will remain unchanged but will extend out to 2067 in connection with the tax exempt bond and tax credit programs.



# 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):**

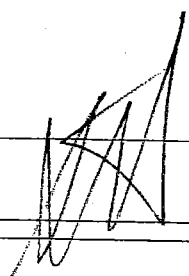
Supervisor Scott Wiener

**Subject:**

Multifamily Housing Revenue Bonds – 440 Valencia Street, Plaza del Sol

**The text is listed below or attached:**

Attached.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

