

1 [Mortgage Revenue Bonds.]
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3 **Resolution declaring the intent of the City and County of San Francisco (the “City”) to**
4 **reimburse certain expenditures from proceeds of future indebtedness; authorizing the**
5 **Director of the Mayor’s Office of Housing (the “Director”) to submit an application and**
6 **related documents to the California Debt Limit Allocations Committee to permit the**
7 **issuance of qualified mortgage bonds in an amount not to exceed \$19,000,000;**
8 **authorizing the Mayor’s Office of Housing to direct the Controller’s Office to hold in**
9 **trust an amount not to exceed \$95,000; authorizing the Director to certify that the City**
10 **has on deposit the required amount; authorizing the Mayor’s Office of Housing to pay**
11 **an amount equal to the deposit to the State of California if the City fails to issue the**
12 **qualified mortgage bonds; and authorizing and directing the execution of any**
13 **documents necessary to implement this Resolution and of any documents necessary**
14 **to implement this Resolution; and ratifying and approving any action heretofore taken**
15 **in connection with the Project (as defined herein) and the application.**
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17 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
18 “Board of Supervisors”), after careful study and consideration, has determined that there is a
19 shortage of safe and sanitary housing within the City and County of San Francisco (the “City”),
20 particularly for low and moderate income persons, and that it is in the best interest of the
21 residents of the City and in furtherance of the health, safety, and welfare of the public for the
22 City to assist in the financing of multi-family rental housing units; and,

23 WHEREAS, Acting under and pursuant to the powers reserved to the City under
24 Sections 3, 5, and 7 of Article XI of the Constitution of the State of California and Sections
25 1.101 and 7.310 of the Charter, the City has enacted the City and County of San Francisco

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

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

13 WHEREAS, Citizens Housing Corporation (the "Developer") desires to construct a 98-
14 unit multi-family residential rental housing development at 1346 Folsom Street and 75 Dore
15 Alley to be known as the Folsom / Dore Apartments (the "Project"); and,

16 WHEREAS, The Developer has requested that the City assist in the financing of the
17 Project through the issuance of tax-exempt mortgage revenue bonds; and,

18 WHEREAS, The City expects to pay on and after the date hereof certain costs incurred
19 in connection with the Project; and,

20 WHEREAS, The City intends to issue mortgage revenue bonds in an amount not to
21 exceed nineteen million dollars (\$19,000,000) to finance the costs of the Project; and,

22 WHEREAS, The Board of Supervisors of the City has determined that the moneys
23 advanced and to be advanced to pay certain expenditures of the Project are or will be
24 available only for a temporary period and it is necessary to reimburse all such expenditures
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1 made on and after the date hereof with respect to the Project from the proceeds of one or
2 more issues of tax-exempt bonds (the "Bonds"); and,

3 WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Board of
4 Supervisors to declare its reasonable official intent to reimburse prior expenditures for the
5 Project with proceeds of a borrowing; and,

6 WHEREAS, Section 146 of the Internal Revenue Code of 1986 (the "Code") limits the
7 amount of qualified mortgage bonds that may be issued in any calendar year by entities within
8 a state and authorizes the legislature of such state to provide the method of allocating
9 authority to issue qualified mortgage bonds within such state; and,

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

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

17 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to
18 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent
19 (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, as
21 follows:

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

24 Section 2. This Resolution is adopted by the Board of Supervisors for purposes of
25 establishing compliance with the requirements of Section 1.150-2 of the Treasury

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

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

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

11 Section 5. The maximum principal amount of debt expected to be issued for the
12 Project is \$19,000,000.

13 Section 6. The Board of Supervisors hereby authorizes the Director of the Mayor's
14 Office of Housing for the City (the "Director"), on behalf of the City, to submit an application
15 (the "Application"), and such other documents as may be required, to CDLAC pursuant to
16 Government Code Section 8869.85 for an allocation of a portion of the state ceiling for private
17 activity bonds in a principal amount not to exceed nineteen million dollars (\$19,000,000) for
18 qualified mortgage bonds.

19 Section 7. An amount equal to ninety-five thousand dollars (\$95,000) ("Deposit") is
20 hereby authorized to be held on deposit in connection with the Application and the applicable
21 CDLAC procedures, and the Director is authorized to certify to CDLAC that such funds are
22 available; which Deposit shall consist of a restriction on cash in the Hotel Tax Fund
23 established pursuant to Section 515 of Article 7 of the San Francisco Business and Tax
24 Regulations Code (the "Hotel Tax Fund").

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1 Section 8. If the City receives an allocation and the applicable issuance requirements
2 are not met, the Mayor's Office of Housing is hereby authorized to cause an amount equal to
3 the Deposit to be paid to the State of California if required.

4 Section 9. The officers and employees of the City and the Director are hereby
5 authorized and directed, jointly and severally, to do any and all things necessary or advisable
6 to consummate the receipt of an allocation and otherwise effectuate the purposes of this
7 Resolution, and all actions previously taken by such officers and employees with respect to
8 the Project, including the submission of the application to CDLAC, are hereby ratified and
9 approved.

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

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13 APPROVED AS TO FORM:
14 DENNIS J. HERRERA
15 City Attorney

16 By: _____
17 Theresa Alvarez
18 Deputy City Attorney

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