

File No. 170609

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date June 1, 2017

Board of Supervisors Meeting

Date _____

Cmte Board

- Motion
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OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date May 26, 2017
 Completed by: Linda Wong Date _____

1 [Multifamily Housing Revenue Bonds - 54 McAllister Street (also known as Dorothy Day
2 Community) - Not to Exceed \$111,000,000]

3 **Resolution approving, for purposes of the Internal Revenue Code of 1986, as amended,**
4 **the issuance and sale of residential mortgage revenue bonds or notes by the City in an**
5 **aggregate principal amount not to exceed \$111,000,000 for the purpose of providing**
6 **financing for the acquisition and rehabilitation of a 100-unit multifamily rental housing**
7 **project for low or very low income persons or households, located at 54 McAllister**
8 **Street; authorizing and directing the execution of any documents necessary to**
9 **implement this Resolution; and ratifying and approving any action heretofore taken in**
10 **connection with the Project, as defined herein.**

11
12 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
13 "Board of Supervisors"), after careful study and consideration, has determined that there is a
14 shortage of safe and sanitary housing within the City, particularly for low and moderate
15 income persons, and that it is in the best interest of the residents of the City and in
16 furtherance of the health, safety, and welfare of the public for the City to assist in the financing
17 of multi-family rental housing units; and

18 WHEREAS, Acting under and pursuant to the powers reserved to the City under
19 Sections 3, 5, and 7 of Article XI of the Constitution of the State of California and Sections
20 1.101 and 9.107 of the Charter, the City has enacted the City and County of San Francisco
21 Residential Mortgage Revenue Bond Law (the "City Law"), constituting Article I of Chapter 43
22 of the San Francisco Administrative Code, in order to establish a procedure for the
23 authorization, issuance and sale of residential mortgage revenue bonds by the City for the
24 purpose of providing funds to encourage the availability of adequate housing and home
25 finance for persons and families of low or moderate income, and to develop viable

1 communities by providing decent housing, enhanced living environments, and increased
2 economic opportunities for persons and families of low or moderate income; and

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

8 WHEREAS, Mercy Housing California 75, L.P., a California limited partnership (or any
9 successor thereto including any successor owner of the Project, the "Developer"), desires to
10 acquire and rehabilitate a 100-unit affordable residential rental housing development located
11 at 54 McAllister Street, San Francisco, California 94102 (the "Project"); and

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

15 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
16 \$111,000,000 and to loan the proceeds of the Bonds to the Developer to finance costs of the
17 Project; and

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

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

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

24 WHEREAS, On April 11, 2017, the City caused a notice, stating that a public hearing
25 with respect to the issuance of the Bonds would be held by the Mayor's Office of Housing and

1 Community Development on April 26, 2017, to appear in *The San Francisco Examiner*, which
2 is a newspaper of general circulation in the City; and

3 WHEREAS, The Mayor's Office of Housing and Community Development held the
4 public hearing described above on April 26, 2017, and an opportunity was provided for
5 persons to comment on the issuance of the Bonds and the Project; and the minutes of such
6 hearing were provided to this Board of Supervisors prior to this meeting; and

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

10 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
11 follows:

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

14 Section 2. The Board of Supervisors adopts this Resolution for purposes of
15 establishing compliance with the requirements of Section 147(f) of the Code. This Resolution
16 does not bind the Board of Supervisors to issue the Bonds or to make any expenditure, incur
17 any indebtedness or proceed with the Project.

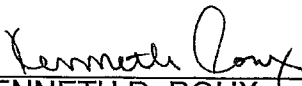
18 Section 3. For purposes of Section 147(f) of the Code, this Board of Supervisors, as
19 the applicable elected representative of the governmental unit having jurisdiction over the
20 area in which the Project is located, hereby approves the issuance of the Bonds in the
21 maximum principal amount of \$111,000,000, for the purposes described herein.

1 Section 4. This approval of the issuance of the Bonds by the City is neither an approval
2 of the underlying credit issues of the proposed Project nor an approval of the financial
3 structure of the Bonds.

4 Section 5. 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 consistent with this
6 Resolution necessary or advisable to effectuate the purposes of this Resolution, and all
7 actions previously taken by such officers and employees with respect to the Project consistent
8 with Resolution, are hereby ratified and approved.

9 Section 6. This Resolution shall take effect from and after its adoption by the Board and
10 approval by the Mayor.

11
12 APPROVED AS TO FORM:
13 DENNIS J. HERRERA
14 City Attorney

15 By: 
16 _____
17 KENNETH D. ROUX
18 Deputy City Attorney
19 n:\spec\as2017\0100007\01190834.docx

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

Dorothy Day Community

Overview

The funds described in the “Financing Structure” section below will be used to finance the acquisition and rehabilitation of Dorothy Day Community, a 100-unit affordable multifamily housing project located at 54 McAllister Street in the City and County of San Francisco (the “Project”).

Following renovation, the Project will include approximately 74,963 square feet of gross floor area, comprised of 50,750 square feet of residential area and 24,213 square feet of non-residential area. Non-residential spaces will include a community/dining room, library/exercise room, management and services offices, and a front lobby.

Total project costs, including the cost to acquire the land and rehabilitate the existing buildings, will be approximately \$111,000,000.

The residential unit distribution, which will include a single one-bedroom manager unit, is as follows:

<u>Unit type</u>	<u>Number of units</u>
Studio	26
1-Bedroom	74

Ninety percent of the residential units will serve households earning less than 60 percent of Area Median Income (“AMI”), while the balance of units will serve households earning less than 50 percent of AMI. Presently, all 100 units are project-based Section 8 units with all but the manager’s unit receiving the Section 8 subsidy.

Residents

No residents will be permanently displaced. All residents will have the right to return after any temporary relocation that might be required.

Site Description and Scope of Work

Address: 54 McAllister Street, San Francisco, CA 94102
Block/Lot: Block 0349, Lots 009 and 014

The scope of work for the rehabilitation will include:

- repair and replacement of unit interior and finishes,
- site improvements,
- common area renovations,
- energy efficiency upgrades,
- roof repair,

- heater repair or replacement, and
- exterior and interior painting.

Development and Management Team

Project Sponsor: Mercy Housing California
General Contractor: TBD
Architect of Record: TBD
Property Manager: Mercy Housing Management Company

Project Ownership Structure

Borrower Entity: Mercy Housing California 75, L.P.
Managing General Partner: Mercy Housing Calwest

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");
- seller carryback financing from Dorothy Day Community, L.P., a California limited partnership; 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.

Schedule

Financing is anticipated to close by December 2017, with construction commencing within 3 days of closing. All construction is scheduled to be completed by December 2018.

Tenants are expected to be temporarily relocated for approximately 3 weeks during the rehabilitation.

SAN FRANCISCO EXAMINER

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

This space for filing stamp only

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

EXM #: 2997344

PROOF OF PUBLICATION

(2015.5 C.C.P.)

State of California)
County of SAN FRANCISCO) ss

Notice Type: GPN - GOVT PUBLIC NOTICE

Ad Description:

DOROTHY DAY TEFRA

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:

04/11/2017

Executed on: 04/11/2017
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 April 26, 2017, at 11:00 a.m., in the Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 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 multifamily affordable housing mortgage revenue bonds (the "Bonds") in an aggregate principal amount not to exceed one hundred eleven million dollars (\$111,000,000). A portion of the proceeds of the Bonds will be loaned to Mercy Housing California 75, L.P. (or any successor thereto) (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 acquisition and rehabilitation of a 100-unit residential rental housing development commonly known as Dorothy Day Community located at 54 McAllister Street, San Francisco, California 94102 (the "Project"). The Project will be owned and operated by the Borrower.

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 Adam Cray, Mayor's Office of Housing and Community Development, at the address indicated above. Date: April 11, 2017
CITY AND COUNTY OF SAN FRANCISCO
Olson Lee
Director, Mayor's Office of Housing and Community Development



Email

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



Edwin M. Lee
Mayor

Olson Lee
Director

TEFRA Hearing Minutes

Project Name: Dorothy Day Community
Project Sponsor: Mercy Housing California
Project Address: 54 McAllister Street, San Francisco, CA 94102
Project Block/Lot: 0349/009, 014
Hearing Location: City and County of San Francisco
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Hearing Date/Time: April 26, 2017 from 11:00 a.m. to 12:15 p.m.

The hearing was called to order by Adam Cray of the San Francisco Mayor's Office of Housing and Community Development at 11:00 a.m. Other parties present throughout the hearing included:

- Lauren Maddock, Mercy Housing California ("Mercy");
- Harriet Sebastian, resident at the Project;
- C. Pearl Dreher, friend of Ms. Sebastian;
- Terrell, friend of Ms. Sebastian (present for the last 15 minutes of the hearing);
- Faye Huang, Assistant Property Manager at the Project; and
- Sally Li, Property Manager at the Project.

1. Explanation of the Purpose for the Hearing

Mr. Cray explained that the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") is a federal law requiring any issuer of tax-exempt bonds to provide a reasonable opportunity for interested individuals to express their views, either orally or in writing, on the issuance of the bonds and the nature of the improvements and projects for which the bond funds will be allocated. Thus, as the issuer of the tax-exempt bonds financing the subject project, the City and County of San Francisco held the TEFRA hearing to provide those interested in discussing the project the opportunity to comment and ask questions.

2. Comments and Questions from Interested Parties

- Ms. Maddock opened by explaining to all parties the purpose of the renovation to be funded by the tax-exempt bonds, the scope of the proposed work, and issues related to relocation. Specifically, she noted that:
 - the purpose of the refinancing was to allow Mercy to undertake much-needed repairs;
 - the proposed work would involve significant repairs/improvements to courtyard paths, windows, lighting, stairs and ramps, the communal kitchen and art room, and a number of other building fixtures/systems; and
 - there would be no permanent displacement of residents.
- Ms. Sebastian stated that her primary concern was whether or not she would be required to move out of her home. Ms. Maddock and Mr. Cray assured Ms. Sebastian that she would not be permanently displaced as a result of the proposed refinancing and renovations. Ms. Maddock further explained that residents would likely be relocated for 3-4 weeks while their units are repaired but that Mercy will cover all costs related to moving, as well as the cost of residents' temporary accommodations.
- Ms. Sebastian and Ms. Dreher asked about the timeline for the renovations, and Ms. Maddock explained that work would likely begin in February of 2018 and last 12-14 months.
- Ms. Sebastian and Terrell asked who would own the property after the financing, and Ms. Maddock explained the ownership structure, emphasizing that tenant-facing personnel (such as Ms. Huang and Ms. Li) likely would not change and that Mercy would maintain ultimate responsibility for the Project's operations.
- Ms. Maddock noted for Ms. Sebastian, who leads an art program at the Project, that a portion of the art room would be partitioned to enlarge an existing office space for an onsite nurse who would be employed at the property in the next few months.
 - Ms. Sebastian responded that the art program is critical to residents' well-being and asked how much of the art room would be lost to the nurse's office expansion.
 - Ms. Maddock replied that Mercy was aware of the art room's importance to residents and that renovations were planned so as to minimize loss of art space. She assured Ms. Sebastian that the office expansion would be limited in scope and that there would be plenty of space left for the art room.
- Ms. Sebastian closed her comments by stating that she was happy she would not be forced to leave her home and that she was looking forward to the improvements the renovation would bring. She also praised Mercy's staff, stating that Mercy "knows how to find the right person for the right job."

After confirming with all parties present that there were no additional questions or comments, the hearing was adjourned at 12:15 p.m.


Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2017 MAY 16 PM 4:19

Time stamp
or meeting date

BY 

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 inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached 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

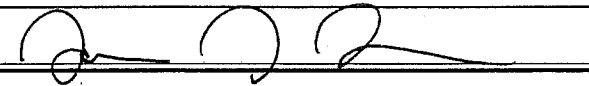
Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor:



For Clerk's Use Only

**FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)**

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s):	City elective office(s) held:
Members, Board of Supervisors	Members, Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>
Name of contractor:
Mercy Housing California 75, L.P.

Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.

Relevant officers/agents of Mercy Housing Calwest, a California nonprofit public benefit corporation, Contractor's managing general partner:

Doug Shoemaker, President & Board Member	Jane Graf, Vice President
Valerie Agostino, Vice President & Board Member	Stephan Daues, Vice President
Joe Rosenblum, Secretary	Jennifer Dolin, Vice President
Vince Dodds, Treasurer	Barbara Gualco, Vice President & Board Chair
Amy Bayley, Asst. Secretary	Ed Holder, Vice President
Steve Spears, Vice President	Chris Burckhardt, Vice Chair
Chris Burckhardt, Board Vice Chair	Sheela Jivan, Vice President
Melissa Clayton, Vice President & Board Member	
Bruce Saab, Vice President	

Contractor address:
Mercy Housing California 75, L.P. 1360 Mission Street, Suite 300 San Francisco, California 94103

Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contracts:
	\$111,000,000

Describe the nature of the contract that was approved:

Funds provided in connection with construction/rehabilitation work at Dorothy Day Community, an affordable rental housing complex for which the City is issuing tax-exempt multifamily housing revenue bonds/notes.

Comments:

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: **San Francisco Board of Supervisors**

Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

