



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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MEMBERS

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STATE TREASURER

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GOVERNOR

BETTY T. YEE
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INTERIM EXECUTIVE DIRECTOR
NANCEE ROBLES

August 11, 2021

Eric D. Shaw
Director
City and County of San Francisco
1 South Van Ness Ave, 5th Floor
San Francisco, CA 94103

RE: RESOLUTION ATTESTING TO THE TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION

Dear Eric D. Shaw:

Enclosed is a copy of Resolution No. 21-178, adopted by the California Debt Limit Allocation Committee (the "Committee") on August 11, 2021, transferring \$40,776,000 of the 2021 State Ceiling on Qualified Private Activity Bonds to the City and County of San Francisco (the "Applicant") for SFHA Scattered Sites (the Project).

The Resolution establishes the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files. **You are advised to consult bond counsel regarding the making of a carryforward election pursuant to the rules of the Internal Revenue Service.**

The following is additional information pertaining to the use of the allocation for this Project:

1. **Performance Deposit:** Pursuant to Section 5050 of the Committee's Regulations, a performance deposit equal to one-half of one percent (0.5%) of the Allocation requested, not to exceed \$100,000, made payable to the Applicant, shall be evidenced within 20 calendar days following an award of an Allocation.

The performance deposit certified in support of this project (\$100,000) is to remain on deposit until you receive written authorization from the Committee that it may be released. This written release will be provided once the Committee receives: the "Report of Action Taken" template indicating that the allocation transferred was used for the Project's issuance of bonds, a copy of the conformed regulatory agreement, and the payment of the second installment of the CDLAC filing fee. A copy of the conformed regulatory agreement should be sent electronically to CDLAC@treasurer.ca.gov. The full amount of the deposit will be released upon the Executive Director's approval if at least 80% of the allocation to this project is used for the issuance of bonds. If an amount less than 80% of the allocation is used to issue bonds, a proportionate amount of the deposit will be subject to forfeiture.

2. **IRS Certification:** The IRS-required certification will be prepared and sent to bond counsel once the Committee receives the "Report of Action Taken" form.

3. **Second Installment of Filing Fee:** **Enclosed is an invoice for this Project.** The invoice attached herein should be considered final, due and payable upon the issuance of bonds.

4. **Compliance:** The Certification of Compliance II or equivalent form is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Applicant. Following the submission of the Certificate of Completion or equivalent form to the Applicant, the Certification of Compliance II is to be submitted March 1st every three (3) years thereafter. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification (Self Certification) form must be submitted by the Applicant online every year until the Certificate of Completion has been submitted to the Applicant. After the completion of the project has been reported, the Self Certification will be required to be submitted March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II and the Certificate of Completion forms may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to submit Compliance may result in disqualification from future program participation.

Please consult the Committee's Regulations for a full explanation of the use of allocation. Do not hesitate to contact me should you have questions.

Sincerely,



Nancee Robles
Interim Executive Director

Enclosures

cc: Joyce Slen, City and County of San Francisco
Ronald E. Lee, Esq., Jones Hall, A Professional Law Corporation
John Lovell, Mission Housing Development Corporation

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 21-178

**A RESOLUTION TRANSFERRING A PORTION OF THE 2021 STATE CEILING
ON QUALIFIED PRIVATE ACTIVITY BONDS AND
AUTHORIZING THE MAKING OF A CARRYFORWARD ELECTION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

WHEREAS, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the City and County of San Francisco ("Applicant") for the transfer to the Applicant of a portion of the 2021 State Ceiling on Qualified Private Activity Bonds under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations ("Bonds") for a Project as specifically described in Exhibit A ("Project") (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Regulations of the Committee implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds); and

WHEREAS, the Project Sponsor has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the State Ceiling on Qualified Private Activity Bonds to the Applicant for the benefit of the Project, the Committee has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, it is appropriate for the Committee to make a transfer of a portion of the 2021 State Ceiling On Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application; and

WHEREAS, the Committee has determined that it is appropriate to authorize the Applicant to make a carryforward Allocation to calendar year 2022 with respect to the Project described in the Application.

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. There is hereby transferred to the Applicant authorization to use \$40,776,000 of the 2021 State Ceiling on Qualified Private Activity Bonds for the Project. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all of their respective successors and assignees, will be bound by such terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. In addition, the Project shall be subject to the monitoring provisions of the California Code of Regulations, Title 4, Section 10337(c) and Section 5220 of the Committee's Regulations.

Section 3. Any modification to the Project made prior to the issuance of the Bonds that impacts the resolution must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Committee's Regulations, shall require reconsideration by the Committee before the Allocation may be used for the Project. After Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy.

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In addition, after bonds are issued, changes to Items #1, #6, #7, #10 thru #12, #14 thru #16, #18 thru #26, and #37 of the Exhibit A require Committee or Executive Director approval for the term of commitment; changes to item #2, #13, #17, #27, and #39 thru #41 of the Exhibit A cannot be altered; changes to Items #3 thru #5 of the Exhibit A require no Committee or Executive Director approval but any alterations must be reported to CDLAC staff for the affordability period; changes to Items #8 and #9 of the Exhibit A require no CDLAC notification; and changes to Items #28 thru #36 and #38 of the Exhibit A require Committee or Executive Director approval only prior to the Project being Placed in Service by the CA Tax Credit Allocation Committee (TCAC).

Section 4. Any material changes in the structure of the bond sale prior to the issuance of the Bonds and not previously approved by the Committee shall require approval of the Committee Chair or the Executive Director.

Section 5. The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this Section may only be made to another project of the same issuer that has been previously approved by the Committee.

Section 6. The Applicant is authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Carryforward Allocation to any governmental unit in the State.

Section 7. If the allocation transferred herein to the Applicant has not issued bonds by the close of business on February 21, 2022, the issuer shall notify CDLAC and carryforward the Allocation to the next approved project to be awarded a bond allocation in accordance with § 5133 of the CDLAC Regulations.

Section 8. Prior to being submitted to the IRS, draft Carryforward Elections must be emailed to CDLAC at cdlac@treasurer.ca.gov no later than February 1, 2022 for CDLAC approval of election amounts.

Section 9. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee at CDLAC@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Applicant, the Project or Program, the date the Allocation was used and the amount of Allocation used.

Section 10. Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a template prescribed by and made available by the Committee.

Section 11. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall be retained by the Applicant for the period allowed by Section 146(f)(3)(A) of the Internal Revenue Code regarding carryforward elections. Use of any Carryforward Allocation shall be in accordance with Section 5132 of the Committee's Regulations regarding carryforward elections.

Section 12. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Allocation or the term of the income and rental restrictions whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

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Section 13. In consideration of the Allocation transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Furthermore, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 14. The Certification of Compliance II document is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted by the Project Sponsor to the Applicant. An Annual Applicant Public Benefits and On-going Compliance Self-Certification must be submitted by the Applicant to CDLAC online every year until the Certificate of Completion document has been submitted by the Project Sponsor to the Applicant. Following the submission of the Certificate of Completion to the Applicant, the Certification of Compliance II is to be submitted by the Project Sponsor to the Applicant no later than March 1st, and no later than March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II template may be found at this website location: <http://www.treasurer.ca.gov/cdlac/forms.asp>. Failure to submit compliance may result in disqualification from future program participation.

Section 15. The applicant may return the allocation to the Committee without assessment of negative points or forfeiture of the performance deposit if the formal written notification is received by the Committee no later than November 27, 2021 for this project.

Section 16. This Resolution shall take effect immediately upon its adoption.

* * *

CERTIFICATION

I, Nancee Robles, Interim Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh 915 Capitol Mall, Sacramento, California 95814, on August 11, 2021 with the following votes recorded:

AYES: State Treasurer Fiona Ma, CPA
Teresa Calvert for Governor Gavin Newsom
Anthony Sertich for State Controller Betty T. Yee

NOES: None
ABSTENTIONS: None
ABSENCES: None



Nancee Robles, Interim Executive Director

RESOLUTION NO. 21-178

QUALIFIED RESIDENTIAL RENTAL PROJECT

EXHIBIT A

1. Applicant: City and County of San Francisco
2. Application No.: 21-588
3. Project Sponsor: To-Be-Formed Limited Partnership (Mission Housing Development Corporation) (Mission Housing Development Corporation)
4. Property Management Co.: Caritas Management Corporation
5. Project Name: SFHA Scattered Sites
6. Location: San Francisco, CA
7. Private Placement Purchaser: **Boston Private Bank**
Cash Flow Bond: **Not Applicable**

All units identified in the CDLAC resolution, including both the Federally Bond-Restricted Units and the Other Restricted Units, will be incorporated into the Bond Regulatory Agreement. Assumptions to be included in the Bond Regulatory Agreement regarding the Other Restricted Units will include the AMI as outlined in the CDLAC resolution, a limitation that tenants pay no more than 30% of their income and 1.5 persons per bedroom occupancy standard to determine the applicable rent.

Applicable

8. Public Sale: **Not Applicable**
Credit Enhancement Provider: **Not Applicable**
9. Total Number of Units: **66** plus **3** unrestricted manager unit(s)
10. Total Number of Restricted Rental Units: **66**
11. The term of the income and rental restrictions for the Project will be at least 55 years from the date 50% occupancy is achieved or when the project is otherwise placed in service.
12. The Regulatory Agreement shall not terminate prior to the end of the CDLAC Resolution affordability term in the event of foreclosure, exercise of power of sale, and/or transfer of title by deed in lieu of foreclosure in connection with a deed of trust directly or indirectly securing the repayment of Cash Flow Permanent Bonds.
13. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.
Applicable

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Exhibit A

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14. Income and Rental Restrictions

a. Federally Bond-Restricted Set-aside:

At least 40% of the total units will be restricted at 60% of the Area Median Income.

b. Other Restricted Units

For the entire term of the income and rental restrictions, the Project will have:

At least **64** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 50% of the Area Median Income.

At least **2** Qualified Residential units rented or held vacant for rental for persons or families whose income is at 60% of the Area Median Income.

15. Units restricted to households with incomes no greater than **50%** of the Area Median Income in accordance with Section 5191(a) will be distributed as follows:

Not Applicable: Preservation Project

Studios:	0
One-bedroom:	0
Two-bedroom:	0
Three-bedroom:	0
Four-bedroom:	0
Five-bedroom	0

16. New Construction Pool Set-aside Requirements.

Homeless Set-aside: at least 25% of the Tax Credit Units are designated for homeless households as defined by TCAC Regulation Section 10315(b)(1) with affordable rents consistent with Section 10325(g)(3).

Not Applicable

Homeless Set-aside Priority: 100% of the Tax Credit Units are designated for homeless households as defined by TCAC Regulation Section 10315(b)(1) with affordable rents consistent with Section 10325(g)(3).

Not Applicable

Extremely Low Income/Very Low Income (ELI/VLI) Set-aside. The rent and income targeting restrictions must have an average of 50% area median income (AMI) or below.

Not Applicable

Mixed Income Set-aside. A Mixed Income Project is a New Construction Qualified Residential Rental Project which either (1) is not utilizing the Average Income test of Internal Revenue Code Section 42 (g)(1)(C) and which has 50% or fewer of its total units designated as Restricted Rental Units or; (2) is part of the California Housing Finance Agency Mixed-Income Program. In a Competitive Application Process, a Mixed Income Project may only apply for an allocation of tax-exempt bonds if the ratio of tax-exempt bonds, not including recycled bonds, to aggregate depreciable basis plus land basis is less than or equal to the ratio of units that will be restricted pursuant to a CTCAC regulatory agreement.

Not Applicable

17. Minimum construction standards pursuant to CDLAC Regulation Section 5205 and Sections 10325(f)(7)(A) through (J) of the TCAC Regulations will be incorporated into the project design for all new construction and rehabilitation projects.

Applicable

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Exhibit A

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18. For all acquisition and rehabilitation projects, a minimum of \$15,000 in hard construction costs will be expended for each unit.
Applicable
19. Other Rehabilitation Pool Requirements. The Project will comply with the requirement to complete rehabilitation work at a minimum of \$60,000 in hard construction cost per unit as defined in TCAC Regulation Section 10302(u), subject to the provisions of Internal Revenue Code Section 42(e)(3)(A)(ii)(I), expended only on immediate health and safety improvements, seismic and accessibility improvements and/or the replacement of major systems with a remaining useful life of less than ten years pursuant to CDLAC Regulation Section 5170.
Not Applicable
20. The Project will comply with the Preservation and Other Rehabilitation Project Priorities of Section 5230(b). At a minimum, the Project must continue to meet the criteria sufficient to retain 20 points.
Applicable
21. The Project will comply with the New Construction Density and Local Incentives of Section 5230(c). At a minimum, the Project must continue to meet the criteria sufficient to retain 0 points.
Not Applicable
22. The Project will comply with the Exceeding Minimum Income Restrictions of Section 5230(d). At a minimum, the Project must continue to meet the criteria sufficient to retain 20 points.
Applicable
23. The Project will comply with the Exceeding Minimum Rent Restrictions of Section 5230(e). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.
Applicable
24. The Project will comply with the General Partner Experience requirements of Section 5230(f)(1). At a minimum, the Project must continue to meet the criteria sufficient to retain 7 points.
Applicable
25. The Project will comply with the Management Company Experience requirements of Section 5230(f)(2). At a minimum, the Project must continue to meet the criteria sufficient to retain 3 points.
Applicable
26. The Project will comply with the New Construction Housing Type requirement of Section 5230(g). At a minimum, the Project must continue to meet the criteria sufficient to retain 0 points as a Non-Targeted housing type.
Not Applicable
27. The Project will comply with the Leveraged Soft Resources requirements of Section 5230(h). At a minimum, the Project must continue to meet the criteria sufficient to retain 8 points.
Applicable
28. The Project will comply with the Readiness to Proceed requirements of Sections 5152 and 5230(i). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.
Applicable

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Exhibit A

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29. The Project will comply with the Affirmatively Furthering Fair Housing requirements of Section 5230(j)(1)(A). At a minimum, the Project must continue to meet the criteria sufficient to retain 9 points.

Applicable

30. The Project will comply with the Affirmatively Furthering Fair Housing Site Amenity requirements of Section 5230(j)(1). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.

Applicable

31. For a period of fifteen (15) years after the Project is placed in use, the Project will provide residents high speed internet service in each Project unit free of charge.

Not Applicable

- 32a. For a period of fifteen (15) years after the Project is placed in use, the Project will provide residents a Service Coordinator. Service Coordinator responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or other enrichment activities for tenants (such as holiday events, tenant council, etc.).

Applicable

Hours per Year: 507

- 32b. For a period of fifteen (15) years after the Project is placed in use, the Project will provide residents Health and Wellness Services and Programs. Such services and programs shall provide individualized support to tenants (not group classes) and need not be provided by licensed individuals or organizations. This includes, but is not limited to visiting nurses programs, intergenerational visiting programs, or senior companion programs. The application must describe in detail the services to be provided.

Applicable

Hours per Year: 146

- 33a. Special Needs projects:
Additional Service Amenity Requirements.

Not Applicable

Hours per Year: 0

34. The Project will comply with the Cost Containment requirements of Section 5230(l). At a minimum, the Project must continue to meet the criteria sufficient to retain 0 points.

Not Applicable

35. As specified in Section 5144(b) of the Committee's Regulations, sponsors will be required to utilize TCAC's Compliance Manual specifically Section VI: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. No less than every three (3) years after the project is completed, the Sponsor must collect and retain the following income and verification documentation related to all the Federally Bond-Restricted units identified in the Committee Resolution: TCAC Tax Income Calculation (TIC) or equivalent documentation, all associated source income documentation, evidence of the verifying income computation and unit lease.

Applicable

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Exhibit A

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36. As specified in Section 5144(c) of the Committee's Regulations, compliance with the income and rental requirements of the Federally Bond-Restricted Units identified in the Committee Resolution and the Bond Regulatory Agreement must be demonstrated by the Applicants initial review of 20% of all management files associated with the Federally Bond-Restricted units and subsequent review every three years of 20% of all management files associated with the Federally Bond-Restricted units.

Applicable

37. As specified in Section 5144(d) of the Committee's Regulations, applicants are required to ensure an onsite inspection as well as an on-site review of the 20% Federally Bond-Restricted units is performed every 3 years after the Qualified Project Period has commenced.

The following entity will conduct the site and file inspections:

Not Applicable

STATE OF CALIFORNIA
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
ACCOUNTING SERVICES
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-3255

FILING FEE INVOICE

PAYMENT IS DUE WITHIN 30 DAYS OF BOND CLOSING

Date: August 11, 2021

Invoice No.: 21-178

Application No.: 21-588

Analyst Initials: NV

To: Joyce Slen
Project Manager
City and County of San Francisco
1 South Van Ness Ave, 5th Floor
San Francisco, CA 94103

2nd Installment of fee levied pursuant to Section 8869.90 of the California Government Code:

NAME OF ISSUER: City and County of San Francisco

NAME OF PROJECT: SFHA Scattered Sites

ALLOCATION AWARD DATE: August 11, 2021

ALLOCATION AWARD AMOUNT: \$40,776,000

<u>AMOUNT DUE:</u>	Allocation award x .00035	=	\$	14,271.60
	Less initial application fee	=	-\$	1,200.00
	Amount Due	=	\$	13,071.60

Issuer or bond trustee to complete the following (please use ink):

BOND ISSUANCE DATE:

PRINCIPAL AMOUNT OF BOND ISSUE: \$

AMOUNT OF BOND ALLOCATION USED: \$

The application fee is based on the amount of allocation used to issue bonds. Please complete the following ***only if*** the amount of allocation used is less than the amount of allocation awarded, and remit the ***revised*** amount due.

<u>REVISED AMOUNT DUE:</u>	Amount issued x .00035	=	\$	
	Less initial application fee	=	-\$	1,200.00
	Revised Amount Due	=	\$	

**PLEASE WRITE APPLICATION NUMBER ON YOUR CHECK, OR
RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT.**