

File No. 110721

Committee Item No. 8  
Board Item No. 20

**COMMITTEE/BOARD OF SUPERVISORS**  
AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: July 27, 2011

Board of Supervisors Meeting

Date 8/2/11

**Cmte Board**

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget & Legislative Analyst Report
- Ethics Form 126
- Introduction Form (for hearings)
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Award Letter
- Application

**OTHER**

(Use back side if additional space is needed)

<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Victor Young  
Completed by: Victor Young

Date: July 22, 2011  
Date: 7-28-11

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Mortgage Revenue Bonds - 121 Golden Gate Avenue - Not to Exceed \$26,000,000]

2  
3 **Resolution declaring the intent of the City and County of San Francisco (City) to: 1)**  
4 **reimburse certain expenditures from proceeds of future bonded indebtedness; 2)**  
5 **authorizing the Director of the Mayor's Office of Housing (Director) to submit an**  
6 **application and related documents to the California Debt Limit Allocation Committee**  
7 **(CDLAC) to permit the issuance of qualified mortgage revenue bonds in an aggregate**  
8 **principal amount not to exceed \$26,000,000 for 121 Golden Gate Avenue (121 Golden**  
9 **Gate Avenue Senior Community); 3) authorizing and directing the Director to direct the**  
10 **Controller's Office to hold in trust an amount not to exceed \$100,000 in accordance**  
11 **with CDLAC procedures; 4) authorizing the Director to certify to CDLAC that the City**  
12 **has on deposit the required amount; 5) authorizing the Director to pay an amount equal**  
13 **to such deposit to the State of California if the City fails to issue the qualified mortgage**  
14 **revenue bonds; 6) approving, for purposes of the Internal Revenue Code of 1986, as**  
15 **amended, the issuance and sale of mortgage revenue bonds by the City in an**  
16 **aggregate principal amount not to exceed \$26,000,000; 7) authorizing and directing the**  
17 **execution of any documents necessary to implement this Resolution; and 8) ratifying**  
18 **and approving any action heretofore taken in connection with the Project, as defined**  
19 **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

1 residents of the City and in furtherance of the health, safety, and welfare of the public for the  
2 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 43  
7 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, Mercy Housing California 50, a California limited partnership (the  
19 "Developer"), desires to construct a 90-unit residential rental housing development for seniors  
20 at 121 Golden Gate Avenue to be known as the 121 Golden Gate Avenue Senior Community  
21 (the "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,

1 WHEREAS, The City expects that proceeds of the Bonds will be used to pay certain  
2 costs incurred on and after the date hereof in connection with the Project; and,

3 WHEREAS, The City intends to issue the Bonds in an amount not to exceed  
4 \$26,000,000 to finance the costs of the Project and to loan the proceeds thereof to the  
5 Developer (the "Loan"); and,

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

10 WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Board of  
11 Supervisors to declare its reasonable official intent to reimburse prior expenditures for the  
12 Project with proceeds of a borrowing; 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 3, 2011, the City caused a notice stating that a public hearing with  
20 respect to the issuance of the Bonds would be held by the Mayor's Office of Housing on July  
21 18, 2011, to appear in *The San Francisco Examiner*, which is a newspaper of general  
22 circulation in the City; and,

23 WHEREAS, The Mayor's Office of Housing has held the public hearing described  
24 above on July 18, 2011 and an opportunity was provided for persons to comment on the  
25 issuance of the Bonds and the Project; and,

1           WHEREAS, This Board of Supervisors is the elected legislative body of the City and is  
2 the applicable elected representative required to approve the issuance of the Bonds within the  
3 meaning of Section 147(f) of the Code; and,

4           WHEREAS, Section 146 of the Code limits the amount of qualified mortgage revenue  
5 bonds that may be issued in any calendar year by entities within a state and authorizes the  
6 legislature of such state to provide the method of allocating authority to issue qualified  
7 mortgage revenue bonds within such state; and,

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

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

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

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

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

23           Section 2. The Board of Supervisors adopts this Resolution for purposes of  
24 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 approve the Loan or  
2 to make any expenditure, incur any indebtedness or proceed with the Project.

3 Section 3. The Board of Supervisors hereby declares its official intent under Treasury  
4 Regulations Section 1.150-2 and declares its intent to use proceeds of indebtedness to  
5 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 costs of  
9 the Project will be of a type properly chargeable to a capital account under general federal  
10 income tax principles.

11 Section 5. The maximum principal amount of debt expected to be issued for the  
12 Project is \$26,000,000.

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

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

19 Section 8. The Board of Supervisors hereby authorizes the Director of the Mayor's  
20 Office of Housing (the "Director"), on behalf of the City, to submit an application (the  
21 "Application"), and such other documents as may be required, to CDLAC pursuant to  
22 Government Code Section 8869.85 for an allocation of a portion of the state ceiling for private  
23 activity bonds in a principal amount not to exceed \$26,000,000 for qualified mortgage revenue  
24 bonds.

1           Section 9. An amount equal to \$100,000 ("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 shall  
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 Fund").

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

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

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

18  
19 APPROVED AS TO FORM:  
20 DENNIS J. HERRERA  
City Attorney

21 By: Kenneth David Roux  
22 Kenneth David Roux  
23 Deputy City Attorney  
24  
25

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



**EDWIN M. LEE**  
MAYOR

**DOUGLAS SHOEMAKER**  
DIRECTOR

June 8, 2011

Supervisor Kim  
1 Dr. Carlton B. Goodlett Place  
City Hall, Room 244  
San Francisco, Ca. 94102

Dear Supervisor Kim,

The Mayor's Office of Housing wishes to forward the attached resolution for introduction at the Board of Supervisors on Tuesday, July 12, 2011, to authorize a bond application for the financing of 121 Golden Gate Ave. The resolution authorizes the Mayor's Office of Housing to submit an application and related documents to the California Debt Limit Allocation Committee (CDLAC) to permit the issuance of qualified mortgage revenue bonds in an amount not to exceed \$26 million for the affordable senior housing at 121 Golden Gate Avenue. The resolution also documents the noticing of the public hearing to be held on July 18, 2011.

121 Golden Gate Ave Senior Community is being developed by Mercy Housing California, and will provide 90 units of affordable senior housing with 18 units set aside for formerly homeless seniors. The housing will be developed in an air rights parcel above the Saint Anthony Foundation redeveloped dining room and social service space in the basement, first and second floors of the building. All senior households will earn less than 50% of AMI (typically under 20% AMI) and 100% of the units have rent subsidies; 87 of the units will have the HUD Project Rental Assistance Contract rent subsidy and 3 units are planned to have the City's Local Operating Support Program rent subsidy. The Department of Public Health will provide services funding for the homeless seniors.

The project's gap City financing will be requested from the Mayor's Office of Housing in Fall 2011. Mercy Housing received a HUD Section 202 capital grant award of \$12.9 million in 2010, as well as an AHP award for \$900k. They intend to apply for the tax exempt bonds (to be used as construction debt only) on July 22 for the September 21 CDLAC round, and then obtain 4% tax credits. They plan to submit their HUD 202 Firm Commitment Application by October 15, and to close all capital financing in June 2012 and start construction immediately thereafter.

CDLAC permits "forward commitments" for FHA and HUD mixed finance projects that can be provided to HUD in lieu of a CDLAC award of allocation, so that there is not a timing problem



prior to obtaining the HUD firm commitment. Mercy Housing anticipates that HUD will be ready to close the firm commitment sometime between March - June 2012, so the bond documents will be prepared after Mercy Housing receives the HUD Firm Commitment. Thus, it is a two step timeline, with TEFRA / Inducement and application occurring now, and bond closing occurring in Spring 2012.

The proposed schedule for the application is as follows:

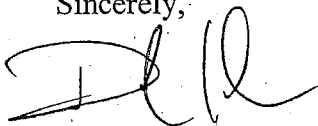
- TEFRA Ad Dropped: 7/3/11
- **Introduce TEFFA / Inducement Resolution** 7/12/11
- TEFRA Hearing: 7/18/11
- **BOS legislation full board** 7/19/11
- Mayor signs 7/20/11
- Submit CDLAC application 7/22/11
- CDLAC Meeting 9/21/11

The Mayor's Office of Housing has previously issued bonds for rental housing. These financings are conduit financings, which do not require the City to pledge repayment of the bonds. Rather, the bondholders' only recourse for payment are the project revenues themselves and the credit enhancement provided by lenders.

In order to meet the July application submittal date, the resolution needs to be introduced at the Board on July 12, and be considered by the full Board by July 19, 2011. We would appreciate any assistance you can provide to help meet this schedule.

The attached resolution has been approved as-to-form by Deputy City Attorney Kenneth Roux. 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 Anne Romero at 701-5525. Thank you for your assistance.

Sincerely,



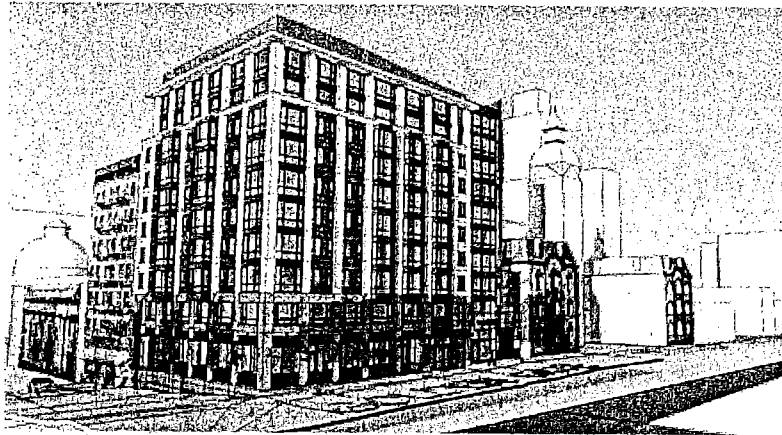
Dariush Kayhan  
Deputy Director





121 Golden Gate Avenue  
Senior Community

San Francisco, California  
Updated: March 2011  
Development Description



Mercy Housing California and St. Anthony Foundation will jointly redevelop the site at 121 Golden Gate Avenue as the rebuilt St. Anthony Dining Room, new social work center and affordable senior housing units within a new ten story building. The Dining Room will be rebuilt in its current location to continue to serve meals to the City's most needy. Mercy Housing California will develop eight floors of affordable senior housing (expected to include 90 units **(43 studio and 46 one bedroom units** plus one management unit) for very low income persons 62 years or older utilizing the Federal Section 202 Housing for Elderly program. The Federal Section 202 grant comes along with rental subsidy, allowing the future senior residents to pay just 30% of their income for rent and utilities. 18 of these units will serve formerly homeless seniors.

Residents must have incomes below the MAXIMUM income limits to qualify for the housing. For 2010 the MAXIMUM income limits for very low income (i.e. 50% of Area Median Income) households are:

1 person = \$34,800  
2 person = \$39,750

St. Anthony Foundation will continue to operate the Dining Room. The new, improved Dining Room will be approximately 50-60% larger than the current Dining Room. Additionally the Dining Room will now have an arcade along the exterior of the building for diners to queue for the dining room off the city sidewalk. This, as well as the increased capacity of the Dining Room, will result in a reduction of the visible, external Dining Room line on the city sidewalk by approximately 45%. On the second floor, St. Anthony will operate a social work center providing social work services to those who utilize the Dining Room.

[www.mercyhousing.org](http://www.mercyhousing.org)

1360 Mission Street • Suite 300 • San Francisco, CA 94103 • 415.355.7100 • Fax: 415.355.7101  
3120 Freeboard Drive • Suite 202 • West Sacramento, CA 95691 • 916.414.4400 • Fax: 916.414.4490  
211 Gault Street • Santa Cruz, CA 95062 • 831.471.1914 • Fax: 831.471.1917  
1500 South Grand Avenue • Suite 100 • Los Angeles, CA 90015 • 213.743.5820 • Fax: 213.743.5828  
480 South Batavia • Orange, CA 92868 • 714.550.5080 • Fax 714.550.5085

Mercy Housing is sponsored by communities of Catholic Sisters.

The senior affordable housing will be managed by Mercy Services Corporation, Mercy's property management affiliate. The senior housing will likely have 1 full time manager, a part time assistant manager, maintenance and janitorial staff, and full time desk clerk coverage monitoring the residential lobby.

Every effort will be made to achieve the highest level of ecological responsible design, construction standards, and operations in the new building. It's anticipated that the project will seek USGBC LEED Silver rating.

#### Timeline:

- June, 2012 (At the earliest): Section 202 construction loan closing and construction start.
- June, 2014: Construction complete (2 year construction period)

#### Developers

Mercy Housing California (MHC) is a California-based, non-profit housing development corporation with the mission of creating and strengthening healthy communities through the provision of quality, affordable, service-enriched housing for individuals and families who are economically poor. MHC has a strong presence in San Francisco reflected in its 21 housing developments including seven Section 202 financed properties. MHC's portfolio includes approximately 7,266 units in 118 California properties in operation that date from 1974 to the present with an additional 5,021 units currently in development throughout California. MHC is an affiliate of Mercy Housing, Inc. (MHI), a national non-profit housing development, management and resident services organization sponsored by eleven congregations of women religious.

**FOR MORE INFORMATION** about this residential development, please contact Amy Bayley, RSM, at (415) 355-7148 or [abayley@mercyhousing.org](mailto:abayley@mercyhousing.org).

St. Anthony Foundation's mission is to "feed, heal, shelter, clothe, lift the spirits of those in need, and create a society in which all persons flourish." Perhaps best known for St. Anthony Dining Room, which has served nearly 34 million meals since 1950, St. Anthony Foundation's other 10 programs include one of the oldest and largest free medical clinics in San Francisco; a free clothing and housewares program; a residence for low-income senior women; two residential drug and alcohol rehabilitation centers; an employment program and learning center; a social work center; shelter and transitional housing for homeless and mentally ill women; and educational programs for the community on issues of poverty and homelessness. St. Anthony Foundation does not accept any federal, state, or local government money, and is funded entirely by the private sector.

**FOR MORE INFORMATION** about the development of the new St. Anthony Dining Room and respite care program, please contact Paula Lewis at (415) 592-2758 or [plewis@stanthonysf.org](mailto:plewis@stanthonysf.org).