

File No. 160966

Committee Item No. 1  
Board Item No. \_\_\_\_\_

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

Committee: Budget & Finance Committee

Date September 28, 2016

Board of Supervisors Meeting

Date \_\_\_\_\_

**Cmte Board**

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- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
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- MOU
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- Grant Budget
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- Award Letter
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**OTHER** (Use back side if additional space is needed)

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Completed by: Linda Wong Date September 23, 2016  
Completed by: Linda Wong Date \_\_\_\_\_

1 [Multifamily Housing Revenue Bonds - 210 and 238 Taylor Street - Not to Exceed  
2 \$95,000,000]

3 **Resolution authorizing the Director of the Mayor's Office of Housing and Community**  
4 **Development (the "Director") to submit an application and related documents to the**  
5 **California Debt Limit Allocation Committee ("CDLAC") to permit the issuance of**  
6 **residential mortgage revenue bonds in an aggregate principal amount not to exceed**  
7 **\$95,000,000 for 210 and 238 Taylor Street (San Francisco, California 94102); authorizing**  
8 **and directing the Director to direct the Controller's Office to hold in trust an amount not**  
9 **to exceed \$100,000 in accordance with CDLAC procedures; authorizing the Director to**  
10 **certify to CDLAC that the City has on deposit the required amount; authorizing the**  
11 **Director to pay an amount equal to such deposit to the State of California if the City**  
12 **fails to issue the residential mortgage revenue bonds; approving, for purposes of the**  
13 **Internal Revenue Code of 1986, as amended, the issuance and sale of residential**  
14 **mortgage revenue bonds by the City in an aggregate principal amount not to exceed**  
15 **\$95,000,000; declaring the intent of the City and County of San Francisco (the "City") to**  
16 **reimburse certain expenditures from proceeds of future bonded indebtedness;**  
17 **authorizing and directing the execution of any documents necessary to implement this**  
18 **Resolution; and ratifying and approving any action heretofore taken in connection with**  
19 **the Project, as defined herein, and the Application, as defined herein.**

20  
21  
22 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the  
23 "Board of Supervisors"), after careful study and consideration, has determined that there is a  
24 shortage of safe and sanitary housing within the City and County of San Francisco (the "City"),  
25 particularly for low and moderate income persons, and that it is in the best interest of the

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, Eddy & Taylor Associates, L.P., a California limited partnership (or any  
19 successor thereto including any successor owner of the Project, the "Developer"), desires to  
20 construct a 113-unit affordable residential rental housing development located at 210 and 238  
21 Taylor Street, San Francisco, California 94102 (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  
25

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 \$95,000,000 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 Bonds will be limited obligations, payable solely from pledged  
7 security, including Project revenues, and will not constitute a debt of the City; and

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

12           WHEREAS, Section 1.150-2 of the United States Treasury Regulations requires that  
13 the Board of Supervisors declare its reasonable official intent to reimburse prior expenditures  
14 for the Project with proceeds of the Bonds; and

15           WHEREAS, The interest on the Bonds may qualify for tax exemption under Section  
16 103 of the Internal Revenue Code of 1986, as amended (the "Code"), only if the Bonds are  
17 approved in accordance with Section 147(f) of the Code; and

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

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

21           WHEREAS, On August 28, 2016, the City caused a notice stating that a public hearing  
22 with respect to the issuance of the Bonds would be held by the Mayor's Office of Housing and  
23 Community Development and Community Development on September 12, 2016, to appear in  
24 The San Francisco Examiner, which is a newspaper of general circulation in the City; and  
25

1           WHEREAS, The Mayor's Office of Housing and Community Development held the  
2 public hearing described above on September 12, 2016, and an opportunity was provided for  
3 persons to comment on the issuance of the Bonds and the Project; and the minutes of such  
4 hearing were provided to this Board of Supervisors prior to this meeting; and

5           WHEREAS, This Board of Supervisors is the elected legislative body of the City and is  
6 the applicable elected representative authorized to approve the issuance of the Bonds within  
7 the meaning of Section 147(f) of the Code; and

8           WHEREAS, Section 146 of the Code limits the amount of tax-exempt private activity  
9 bonds, which include qualified mortgage bonds, that may be issued in any calendar year by  
10 entities within a state and authorizes the legislature of each state to provide the method of  
11 allocating authority to issue tax-exempt private activity bonds within the respective state; and

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

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

20           WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to  
21 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent  
22 (1/2%) of the amount of allocation requested not to exceed \$100,000.00; now, therefore, be it

23           RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as  
24 follows:

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

3 Section 2. The Board of Supervisors adopts this Resolution for purposes of  
4 establishing compliance with the requirements of Section 1.150-2 of the United States  
5 Treasury Regulations. This Resolution does not bind the Board of Supervisors to issue the  
6 Bonds, approve the Loan or to make any expenditure, incur any indebtedness or proceed with  
7 the Project.

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

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

16 Section 5. The maximum principal amount of debt expected to be issued for the Project  
17 is \$95,000,000.

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

21 Section 7. This approval of the issuance of the Bonds by the City is neither an approval  
22 of the underlying credit issues of the proposed Project nor an approval of the financial  
23 structure of the Bonds.

24 Section 8. The Board of Supervisors hereby authorizes the Director, or his designee of  
25 the Mayor's Office of Housing and Community Development (the "Director"), on behalf of the

1 City, to submit an application (the "Application"), and such other documents as may be  
2 required, to CDLAC pursuant to Government Code Section 8869.85 for an allocation for the  
3 Project of a portion of the state ceiling for private activity bonds in a principal amount not to  
4 exceed \$95,000,000.

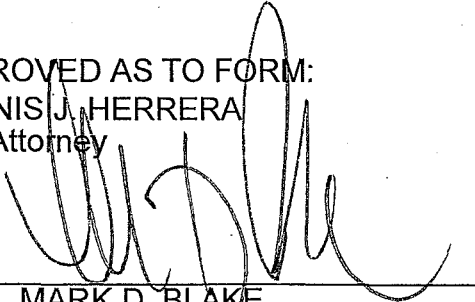
5 Section 9. An amount equal to \$100,000 ("Deposit") is hereby authorized to be held on  
6 deposit in connection with the Application and the applicable CDLAC procedures, and the  
7 Director is authorized to certify to CDLAC that such funds are available.

8 Section 10. If the City receives a CDLAC allocation and the applicable issuance  
9 requirements are not met, the Mayor's Office of Housing and Community Development is  
10 hereby authorized to cause an amount equal to the Deposit to be paid to the State of  
11 California.

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

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

3  
4 APPROVED AS TO FORM:  
5 DENNIS J. HERRERA  
6 City Attorney

7 By:   
8 MARK D. BLAKE  
9 Deputy City Attorney  
10 n:\speclas2016\0100007\01133469.docx



September 2, 2016

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

*Eddy & Taylor Family Housing*

**Overview**

The funds described in the “Financing Structure” section below will be used to finance the development of Eddy & Taylor Family Housing, a 113-unit affordable multifamily housing project to be located at 210 and 238 Taylor Street in the City and County of San Francisco (the “Project”). The Project will address a critical need for more family-sized units for the neighborhood, where the existing older housing stock is predominantly single room occupancy units (SROs), studios, and smaller one-bedroom units.

Upon completion, the Project will include approximately 116,626 square feet of gross floor area, comprised of 108,711 square feet of residential area and 7,915 square feet of non-residential area. Non-residential spaces will include offices for property management and tenant services, a lounge, a community room, and 5,677 square feet of retail commercial space.

Total project costs, including the cost to acquire the land and construct the new building, will be approximately \$81,879,276 or \$724,600 per dwelling unit.

The residential unit distribution, which will include a single two-bedroom manager’s unit, is:

<u>Unit type</u>	<u>Number of units</u>
Studio	16
1-Bedroom	14
2-Bedroom	68
3-Bedroom	15
4-Bedroom	0

All of the residential units will serve households earning less than 50 percent of the San Francisco County Area Median Income (AMI), though the rents may be increased to 60% of California Tax Credit Allocation Committee AMI in the event of loss of subsidy.

**Residents**

No residents will be displaced during construction as the site is currently a vacant lot leased to a parking lot operator. The operator’s lease will expire before construction financing closes in early 2017.

**Site Description and Scope of Work**

Address: 210 and 238 Taylor Street, San Francisco CA, 94102  
Block/Lot: 0331/010; 0331/011; 0331/028

The proposed scope of work for the Project is as follows:

- The developer will re-develop an existing half-acre parking lot with a newly constructed, 8-story, 113-unit mixed-use building in the heart of the Tenderloin.
- The unit mix includes 16 studios, 14 one-bedroom, 68 two-bedroom (including one manager's unit) and 15 three-bedroom units.
- The ground floor will include a large entry lobby with direct elevator access, a community room, management offices, laundry room, bicycle storage, access to a large outdoor courtyard area and 5,677 square feet of retail/commercial space.
- No parking is provided on-site, but the Project is well-served by transit (located just 2 blocks from Powell Station) and the Muni and BART local/regional transportation systems, and is within walking distance of numerous shopping, service, and recreational amenities.
- The Project will also include upgrades to the Eddy Street and Taylor Street pedestrian corridors, in partnership with the City's Vision Zero plan.
- The Project will achieve a Green Point Rated score of at least 160.

#### **Development and Management Team**

Project Sponsor:	Tenderloin Neighborhood Development Corporation
General Contractor:	Cahill Construction
Architect of Record:	David Baker & Associates
Property Manager:	Tenderloin Neighborhood Development Corporation

#### **Project Ownership Structure**

Borrower Entity:	Eddy & Taylor Associates, L.P.
Managing General Partner:	E&T Housing GP LLC

An investor, Taylor Family Housing Inc., 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");
- soft debt from the City;
- permanent debt from the State's Multifamily Housing Program ("MHP");
- permanent debt from the Affordable Housing Sustainable Communities ("AHSC") program;
- a grant from the Federal Home Loan Bank's Affordable Housing Program ("AHP"); and
- deferred developer fees.

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. The calculation of tax credit equity utilizes a 30% basis boost as the U.S. Department of Housing and Urban Development has designated the census tract in which the Project is located a "difficult development area."

**Schedule**

Financing is anticipated to close between March and May of 2017, with construction commencing no more than 30 days from closing. All construction is scheduled to be completed by May 30, 2019.

**SAN FRANCISCO EXAMINER**

This space for filing stamp only

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

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

EXM#: 2919225

**PROOF OF PUBLICATION**

(2015.5 C.C.P.)

State of California )  
County of SAN FRANCISCO ) ss

Notice Type: GPN - GOVT PUBLIC NOTICE

Ad Description:


Eddy & Taylor TEFRA Ad

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:

08/28/2016

Executed on: 08/29/2016  
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 Monday, September 12, 2016, at 10:00 a.m., in the Mayor's Office of Housing and Community Development, 1, South Van Ness Avenue, 5<sup>th</sup> 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 ninety-five million dollars (\$95,000,000). A portion of the proceeds of the Bonds will be loaned to Eddy & Taylor Associates, 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 development of a 113-unit residential rental housing development located at 210 and 238 Taylor 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 447(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: August 28, 2016  
CITY AND COUNTY OF SAN FRANCISCO  
Olson Lee  
Director, Mayor's Office of Housing and Community Development



Email

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OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *EL* Mayor Edwin M. Lee *NE*  
RE: Multifamily Housing Revenue Bonds - 210 and 238 Taylor Street, San Francisco, California 94102 - Not to Exceed \$95,000,000  
DATE: September 6, 2016

Attached for introduction to the Board of Supervisors is a resolution authorizing the Director of the Mayor's Office of Housing and Community Development (the "Director") to submit an application and related documents to the California Debt Limit Allocation Committee ("CDLAC") to permit the issuance of residential mortgage revenue bonds in an aggregate principal amount not to exceed \$95,000,000 for 210 and 238 Taylor Street (San Francisco, California 94102); authorizing and directing the Director to direct the Controller's Office to hold in trust an amount not to exceed \$100,000 in accordance with CDLAC procedures; authorizing the Director to certify to CDLAC that the City has on deposit the required amount; authorizing the Director to pay an amount equal to such deposit to the State of California if the City fails to issue the residential mortgage revenue bonds; approving, for purposes of the Internal Revenue Code of 1986, as amended, the issuance and sale of residential mortgage revenue bonds by the City in an aggregate principal amount not to exceed \$95,000,000; declaring the intent of the City and County of San Francisco (the "City") to reimburse certain expenditures from proceeds of future bonded indebtedness; authorizing and directing the execution of any documents necessary to implement this Resolution; and ratifying and approving any action heretofore taken in connection with the Project, as defined herein, and the Application, as defined herein.

Please note that this item is co-sponsored by Supervisor Kim.

I respectfully request that this item be calendared in Budget & Finance Committee on September 21, 2016.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.

RECEIVED  
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SAN FRANCISCO  
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