

File No. 211153

Committee Item No. 14

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee Date December 8, 2021

Board of Supervisors Meeting Date _____

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- Project Description _____
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Completed by: Brent Jalipa Date December 2, 2021

Completed by: Brent Jalipa Date _____

1 [Multifamily Housing Revenue Bonds - 4200 Geary Boulevard - Not to Exceed \$58,009,000]

2

3 **Resolution declaring the intent of the City and County of San Francisco (“City”) to**
4 **reimburse certain expenditures from proceeds of future tax-exempt bonded**
5 **indebtedness in an aggregate principal amount not to exceed \$58,009,000 in one or**
6 **more series of bonds on a tax-exempt or taxable basis; authorizing the Director of the**
7 **Mayor’s Office of Housing and Community Development (“Director”) to submit an**
8 **application and related documents to the California Debt Limit Allocation Committee**
9 **(“CDLAC”) to permit the issuance of residential mortgage revenue bonds in an**
10 **aggregate principal amount not to exceed \$58,009,000 for 4200 Geary Boulevard (San**
11 **Francisco, California 94118); authorizing and directing the Director to direct the**
12 **Controller’s Office to hold in trust an amount not to exceed \$100,000 in accordance**
13 **with CDLAC procedures; authorizing the Director to certify to CDLAC that the City has**
14 **on deposit the required amount; authorizing the Director to pay an amount equal to**
15 **such deposit to the State of California if the City fails to issue the residential mortgage**
16 **revenue bonds; authorizing and directing the execution of any documents necessary to**
17 **implement this Resolution, as defined herein; and ratifying and approving any action**
18 **heretofore taken in connection with the Project, as defined herein, and the Application,**
19 **as defined herein.**

20

21 WHEREAS, The Board of Supervisors of the City and County of San Francisco (“Board
22 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 (“City”),
24 particularly for low and moderate income persons, and that it is in the best interest of the
25 residents of the City and in furtherance of the health, safety, and welfare of the public for the

1 City to assist in the financing of multi-family rental housing units; and

2 WHEREAS, Acting under and pursuant to the powers reserved to the City under
3 Sections 3, 5, and 7 of Article XI of the Constitution of the State of California and Sections
4 1.101 and 9.107 of the Charter of the City and County of San Francisco, the City has enacted
5 the City and County of San Francisco Residential Mortgage Revenue Bond Law (“City Law”),
6 constituting Article I of Chapter 43 of the San Francisco Administrative Code, in order to
7 establish a procedure for the authorization, issuance and sale of residential mortgage revenue
8 bonds by the City for the purpose of providing funds to encourage the availability of adequate
9 housing and home finance for persons and families of low or moderate income, and to
10 develop viable communities by providing decent housing, enhanced living environments, and
11 increased economic opportunities for persons and families of low or moderate income; and

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

17 WHEREAS, 4200 Geary Associates, L.P., a California limited partnership (or an
18 affiliate thereof or successor thereto) (the “Borrower”) desires to construct or rehabilitate a 98-
19 unit affordable residential rental housing development located at 4200 Geary Boulevard
20 (“Project”); and

21 WHEREAS, The Borrower has requested that the City assist in the financing of the
22 Project through the issuance of one or more series of taxable and/or tax-exempt mortgage
23 revenue bonds (“Bonds”); and

24 WHEREAS, The City expects that proceeds of the Bonds will be used to pay certain
25 costs incurred in connection with the Project prior to the date of issuance of the Bonds; and

1 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
2 \$58,009,000 and to loan the proceeds of the Bonds to the Borrower (“Loan”) to finance the
3 costs of the Project; and

4 WHEREAS, The Bonds will be limited obligations, payable solely from pledged
5 security, including Project revenues, and will not constitute a debt of the City; 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 such expenditures with respect to the
9 Project from the proceeds of the Bonds; and

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

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

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

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

22 WHEREAS, Section 8869.85(b) of the Government Code requires that a local agency
23 file an application for a portion of the state ceiling with or upon the direction of the California
24 Debt Limit Allocation Committee (“CDLAC”) prior to the issuance of tax-exempt private activity
25 bonds, including qualified mortgage bonds; and

1 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to
2 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent
3 (0.5%) of the amount of allocation requested not to exceed \$100,000; now, therefore, be it

4 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
5 follows:

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

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

13 Section 3. The Board of Supervisors hereby declares its official intent under United
14 States Treasury Regulations, Section 1.150-2 to use proceeds of the Bonds to reimburse
15 expenditures incurred in connection with the Project. The Board of Supervisors hereby further
16 declares its intent to use such proceeds to reimburse the Borrower for actual expenditures
17 made by the Borrower on the Project.

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

21 Section 5. The maximum principal amount of debt expected to be issued for the Project
22 is \$58,009,000.

23 Section 6. This Resolution is neither an approval of the underlying credit issues of the
24 proposed Project nor an approval of the financial structure of the Bonds.

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1 Section 7. The Board of Supervisors hereby authorizes the Director of the Mayor’s
2 Office of Housing and Community Development, including any acting or interim director, or
3 such person’s designee (“Director”), on behalf of the City, to submit an application
4 (“Application”), and such other documents as may be required, to CDLAC pursuant to
5 Government Code, Section 8869.85 for an allocation for the Project of a portion of the state
6 ceiling for private activity bonds in a principal amount not to exceed \$58,009,000.

7 Section 8. An amount equal to one-half of one percent (0.5%) of the amount of the
8 CDLAC allocation requested for the Project, not to exceed \$100,000 (“Deposit”), is hereby
9 authorized to be held on deposit in connection with the Application and the applicable CDLAC
10 procedures, and the Director is authorized to certify to CDLAC that such funds are available.

11 Section 9. If the City receives a CDLAC allocation for the Project and the Bonds are not
12 issued, the Mayor’s Office of Housing and Community Development is hereby authorized to
13 cause an amount equal to the Deposit to be paid to the State of California, if and to the extent
14 required by CDLAC.

15 Section 10. The officers and employees of the City, including the Director, are hereby
16 authorized and directed, jointly and severally, to do any and all things necessary or advisable
17 to consummate the receipt of an allocation from CDLAC and otherwise effectuate the
18 purposes of this Resolution, consistent with the documents cited herein and this Resolution,
19 and all actions previously taken by such officers and employees with respect to the Project,
20 consistent with the documents cited herein and this Resolution, including but not limited to the
21 submission of the application to CDLAC, are hereby ratified and approved.

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24 ///
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1 Section 11. This Resolution shall take effect from and after its adoption by the Board and
2 approval by the Mayor.

3

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

6

7 By: /s/ KENNETH DAVID ROUX
8 KENNETH DAVID ROUX
9 Deputy City Attorney
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Project Description
Multifamily Securities Program
City and County of San Francisco

4200 Geary

Overview

The funds described in the “Financing Structure” section below will be used to finance the development of 4200 Geary, a 98-unit affordable multifamily housing project to be located at 4200 Geary Blvd, San Francisco, CA 94118 in the City and County of San Francisco (the “Project”). The Project is a seven story, Type III/I building consisting of 98 units (41 studios and 57 one-bedrooms) for low-income and formerly homeless seniors. Seniors are defined as those 62 year of age and older. Designed by local San Francisco architecture firm Y.A. Studio, the project is working to highlight green features and is striving for a Platinum Green Point Rated certification as well as a Core certification from the International Living Future Institute (ILFI). 4200 Geary is enrolled in ILFI's Living Building Challenge.

Upon completion, the Project will include approximately 79,529 square feet of gross floor area, comprised of approximately 78,364 square feet of residential area and approximately 1,165 square feet of non-residential area. Non-residential spaces will include a community-serving business or service provider at the corner of 6th Ave. and Geary Blvd.

Total project costs, including the cost to acquire the land and construct new buildings, will be approximately \$80,581,969, or \$822,265 per dwelling unit.

The residential unit distribution, which will include a one-bedroom superintendent unit, is:

<u>Unit type</u>	<u>Number of units</u>
Studio	41
1-Bedroom	57

47 units will serve low-income senior households earning less than 50 percent of the San Francisco County Area Median Income (AMI), while the balance of units will serve households earning less than 25 percent of AMI. Thirty units will be dedicated to extremely low-income seniors via Senior Operating Subsidies (SOS) and 20 units will be dedicated to formerly homeless seniors using the Local Operating Subsidy Program (LOSP).

Residents

No residents will be displaced as the site is currently a vacant mortuary site and lot. The site was purchased from the mortuary owner, who closed the business in 2020.

Site Description and Scope of Work

Address: 4200 Geary Blvd, San Francisco, CA 94118
Block/Lot: 1438/053 (Formerly 1438/016; 1438/017; 1438/017A)

Property amenities will include:

- Rooftop urban agriculture program providing free culturally appropriate produce
- Upper West-facing courtyard

- Ground-floor neighborhood-serving commercial space
- Large community room
- Ground floor courtyard/outdoor space
- On site, ground floor laundry facilities
- On site property management services
- Support Services team, including at least one full-time and on-site social worker
- Healthy Aging programming

Development and Management Team

Project Sponsor:	Tenderloin Neighborhood Development Corporation
General Contractor:	Nibbi Brothers General Contractors
Architect of Record:	Y.A. Studio
Property Manager:	Tenderloin Neighborhood Development Corporation

Project Ownership Structure

Borrower Entity:	4200 Geary Associates, L.P.
Managing General Partner:	4200 Geary LLC

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);
- deferred payment loan through the State of California’s HCD Multifamily Housing Program;
- funds through the Federal Home Loan Bank’s Affordable Housing Program (AHP);
- General Partner equity;
- soft debt from the City.

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 on 08/18/22, with construction commencing within 180 days closing. All construction is scheduled to be completed by 5/24/2024. This is pending an allocation of competitive bond financing from the first round of TCAC/CDLAC, currently anticipated to be due awarded April 28, 2022.

Narrative Description of Project Sponsor Experience

Tenderloin Neighborhood Development Corporation (TNDC) is a non-profit corporation that has been involved in affordable housing development since 1981 as a developer, owner, service provider, and property manager. TNDC’s Housing Development department has developed, owned, and managed over

4,000 units, with another 381 units under construction and 910 units in predevelopment (5,291 units total). Many of these projects are infill developments in dense neighborhoods or redevelopment areas.

TNDC's development team has grown to an eighteen-person team with the structure and expertise to manage risk and create opportunity on complex development sites. Housing Development staff consists of a housing director, 3 associate directors, 2 senior project managers, 5 project managers, 5 assistant project managers, a project analyst, and an intern. TNDC's experience includes all major affordable housing financing sources on both challenging tenant-occupied rehabilitation and new construction on tight infill sites. In its 40 years of experience providing housing for some of San Francisco's poorest residents, TNDC has developed a deep knowledge of the development and operations of supportive housing projects.

From: [Peacock, Rebecca \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#); [ROUX, KENNETH \(CAT\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [Ely, Lydia \(MYR\)](#)
Subject: Mayor -- [Resolution] -- [Multifamily Housing Revenue Bonds – 4200 Geary Boulevard (4200 Geary) - Not to Exceed \$58,009,000]
Date: Tuesday, November 2, 2021 4:59:43 PM
Attachments: [Reso_MOHCD_4200_Geary_Inducement.zip](#)

Attached for introduction to the Board of Supervisors is a **resolution declaring the intent of the City and County of San Francisco (“City”) to reimburse certain expenditures from proceeds of future tax-exempt bonded indebtedness in an aggregate principal amount not to exceed \$58,009,000 000 in one or more series of bonds on a tax-exempt or taxable basis; authorizing the Director of the Mayor’s Office of Housing and Community Development (“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 \$58,009,000 for 4200 Geary Boulevard (San Francisco, California 94118); 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; 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.**

[@Roux, Kenneth \(CAT\)](#), can you please reply-all to confirm your approval? Thanks!

Please let me know if you have any questions.

Rebecca Peacock ([they/them](#))

Office of Mayor London N. Breed
Legislative & Government Affairs
City & County of San Francisco