

File No. 140490

Committee Item No. 8

Board Item No. 8

COMMITTEE/BOARD OF SUPERVISORS AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date May 14, 2014

Board of Supervisors Meeting

Date May 20, 2014

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Public Hearing Notice</u> |
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Completed by: Linda Wong Date May 9, 2014

Completed by: L.W. Date May 15, 2014

1 [Multifamily Housing Revenue Bonds - 1301-4th Street (Mission Bay South Block 7
2 West) - Not to Exceed \$47,500,000]

3 **Resolution declaring the intent of the City and County of San Francisco (City) to**
4 **reimburse certain expenditures from proceeds of future bonded indebtedness;**
5 **authorizing the Director of the Mayor's Office of Housing and Community**
6 **Development (Director) to submit an application and related documents to the**
7 **California Debt Limit Allocation Committee (CDLAC) to permit the issuance of**
8 **residential mortgage revenue bonds in an aggregate principal amount not to**
9 **exceed \$47,500,000 for 1301-4th Street (Mission Bay South Block 7 West), San**
10 **Francisco, California 94107; authorizing and directing the Director to direct the**
11 **Controller's Office to hold in trust an amount not to exceed \$100,000 in**
12 **accordance with CDLAC procedures; authorizing the Director to certify to CDLAC**
13 **that the City has on deposit the required amount; authorizing the Director to pay**
14 **an amount equal to such deposit to the State of California if the City fails to issue**
15 **the residential mortgage revenue bonds; approving, for purposes of the Internal**
16 **Revenue Code of 1986, as amended, the issuance and sale of residential**
17 **mortgage revenue bonds by the City in an aggregate principal amount not to**
18 **exceed \$47,500,000; authorizing and directing the execution of any documents**
19 **necessary to implement this Resolution; and ratifying and approving any action**
20 **heretofore taken in connection with the project as defined herein, and the**
21 **Application as defined herein.**

22
23 WHEREAS, The Board of Supervisors of the City and County of San Francisco
24 (Board of Supervisors), after careful study and consideration, has determined that there
25 is a shortage of safe and sanitary housing within the City, particularly for low and

1 moderate income persons, and that it is in the best interest of the residents of the City
2 and in furtherance of the health, safety, and welfare of the public for the City to assist in
3 the financing of multi-family rental housing units; and

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

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

20 WHEREAS, **Mission Related/Mission Bay Block 7 Development Co., LLC**, a
21 limited liability company (or any successor thereto including any successor owner of the
22 Project, the Developer), desires to construct a 200-unit residential rental housing
23 development located at 1301 4th Street (also known as Mission Bay South Block 7
24 West) San Francisco, California 94107 (Project); and

25 WHEREAS, The Developer has requested that the City assist in the financing of

1 the Project through the issuance of one or more series of tax-exempt mortgage revenue
2 bonds (Bonds); and

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

6 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
7 \$47,500,000 and to loan the proceeds of the Bonds to the Developer (Loan) to finance
8 costs of the Project; and

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

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

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

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

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

22 WHEREAS, On March 5, 2014, the City caused a notice stating that a public
23 hearing with respect to the issuance of the Bonds would be held by the Mayor's Office
24 of Housing and Community Development on March 19, 2014, to appear in The San
25 Francisco Chronicle, which is a newspaper of general circulation in the City; and

1 WHEREAS, The Mayor's Office of Housing and Community Development held
2 the public hearing described above on March 19, 2014 and an opportunity was provided
3 for persons to comment on the issuance of the Bonds and the Project; and the minutes
4 of such 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
6 and is the applicable elected representative authorized to approve the issuance of the
7 Bonds within the meaning of Section 147(f) of the Code; and

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

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

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

21 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to
22 certify to CDLAC that the applicant has on deposit an amount equal to one-half of one
23 percent (0.5%) of the amount of allocation requested but not to exceed \$100,000.00;
24 now, therefore be it

25 RESOLVED, By the Board of Supervisors of the City and County of San

1 Francisco, as follows:

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

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

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

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

17 Section 5. The maximum principal amount of debt expected to be issued for the
18 Project is \$47,500,000.

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

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

25 Section 8. The Board of Supervisors hereby authorizes the Director, or his

1 designee of the Mayor's Office of Housing and Community Development (Director), on
2 behalf of the City, to submit an application (Application), and such other documents as
3 may be required, to CDLAC pursuant to Government Code Section 8869.85 for an
4 allocation for the Project of a portion of the state ceiling for private activity bonds in a
5 principal amount not to exceed \$47,500,000.

6 Section 9. An amount equal to \$100,000 (Deposit) is hereby authorized to be
7 held on deposit in connection with the Application and the applicable CDLAC
8 procedures, and the Director is authorized to certify to CDLAC that such funds are
9 available; which Deposit shall consist of a restriction on cash in the Hotel Tax Fund
10 established pursuant to Section 515.01 of Article 7 of the San Francisco Business and
11 Tax Regulations Code (Hotel Tax Fund).

12 Section 10. If the City receives a CDLAC allocation and the applicable issuance
13 requirements are not met, the Mayor's Office of Housing and Community Development
14 is hereby authorized to cause an amount equal to the Deposit to be paid to the State of
15 California from the Hotel Tax Fund, if required by CDLAC.

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

22 Section 12. This Resolution shall take effect from and after its adoption by the
23 Board and approval by the Mayor.
24
25

FILE NO.

RESOLUTION NO.

1 APPROVED AS TO FORM:

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DENNIS J. HERRERA
City Attorney

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By:



HEIDI GEWERTZ
Deputy City Attorney

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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

May 2, 2014

Honorable Jane Kim
City and County of San Francisco
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Resolution Authorizing Application to California Debt Limit Allocation Committee for Multifamily Housing Revenue Bonds for 1301 4th Street (Mission Bay South Block 7 West)

With this memo, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, May 6, 2014, a resolution authorizing the Mayor's Office of Housing of Community Development to apply for an allocation of qualified mortgage revenue bonds for 1301 4th Street (aka, Mission Bay South Block 7 West), San Francisco, an affordable housing development sponsored by Related/Mission Bay Block 7 Development Co., LLC (the "Project"). Funds generated from the execution and delivery of the Bonds would be used to pay certain costs incurred in connection with the Project.

The Project will consist of 71 one bedroom and 129 two bedroom units (which includes two manager's units), a 53 space parking structure, 288 resident bicycle parking spaces, and visitor bicycle parking, two courtyards, common amenity spaces, and approximately 10,000 square feet of ground-level active street-front retail along 4th Street. Incomes and rents at the Project will serve households with incomes at or below 60% Area Median Income (AMI), with 40 units at 50% AMI levels.

The Mayor's Office of Housing and Community Development has previously issued bonds for both rental housing and for first time homeownership. 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 staff's scheduling constraints, the resolution should be introduced at the Board on May 6, 2014. We would appreciate any assistance you can provide to help meet this schedule so that the City is able to submit the application on July 18, 2014. We will return to the Board to seek authorization to issue the bonds in December 2014, assuming the City receives an allocation in July.

The attached resolution has been approved as-to-form by Deputy City Attorney Heidi Gewertz. 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 Pam Sims at 701-5564.

Thank you,



Teresa Yanga
Director of Housing Development
Mayor's Office of Housing
and Community Development

Project Description

1301 4th Street (aka, Mission Bay South Block 7 West)

The project, Mission Bay Block 7, is approximately 230,000-square-foot mixed-use residential / retail building within the western portion of Block 7 located on Fourth Street between China Basin and Mission Bay Boulevard North, within the Mission Bay - South Redevelopment Area. On the 80,859 square feet /1.86 acre site, the building will contain ground-level active-street-front retail along Fourth Street, 200 rental one- and two-bedroom units, a 53 space parking structure, at-grade and podium-level courtyards, common amenity spaces for residents, and accessory use spaces.

With four stories of Type V wood construction over one level of Type I concrete podium construction along the west side of the block, and three stories of Type V construction over Type I concrete podium on the east side; the building massing is broken into discrete volumes to provide a varied and lively streetwall edge, with a larger urban street-wall treatment along the Mission Bay Boulevard North frontage. The building wraps around a large communal open space for gathering and relaxing. The courtyard, while protected, is visually open to provide a glimpse of green to passersby through the building entry. At the center of the open space a small, active, community pavilion provides a space for residents to gather, cook, and do laundry.

The approximately 10,000 square feet of retail space along Fourth Street wraps around the corner at Mission Bay Boulevard North, providing neighborhood-serving amenities and creating a lively edge along the street. High transparency and colorful signage will create a vital and bustling street-wall edge along this edge. Along the eastern side of the property, a pedestrian mews corridor provides access to apartment units with raised porches. The building is visually-rich in materials, with the 'big-move' at the corner Mission Bay Boulevard and Fourth Street, facing the UCSF campus, clad in Cor-ten steel panels. Where the massing breaks into smaller volumes, the elevations are articulated with smooth-troweled cement plaster and accented with perforated aluminum sunshades and balcony railings. The ground-level is articulated with board formed concrete and ipe wood siding.

The proposed building uses several complimentary sustainable strategies to achieve a GreenPoint Rating. The high density mixed-use affordable housing project is located in direct proximity to the Third Street Light Rail and bike route along Fourth Street. The building will be low-energy and strive to surpass the Title 24 Energy Standards by 15%. The project also includes drought-tolerant landscaping, domestic solar hot-water panels, 53 residential parking spaces, and 288 secure bicycle parking spaces, plus visitor bicycle parking. Construction is expected to begin in early 2015.

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on March 19, 2014, at 10 a.m., at the Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, California 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 private active multifamily affordable housing mortgage revenue bonds (the "Bonds") in an aggregate principal amount not to exceed forty-seven million five hundred thousand dollars (\$47,500,000). All or a portion of the proceeds of the Bonds will be loaned to Related/Mission Bay Block 7 Development Co., LLC (or any successor thereto including any successor owner of the Project) (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 construction of up to 200 affordable rental units located at Mission Bay South Block 7 (aka, 4th Street between China Basin Street and Mission Bay Boulevard), San Francisco, California 94107, including ground floor retail along Fourth Street, a 53 space parking structure, at-grade and podium level courtyards, common amenity spaces for residents, and accessory use spaces (the "Project"). The Project will be owned and operated by the Borrower (or any successor thereto).

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 Pamela Sims, Mayor's Office of Housing and Community Development, at the address indicated above.

Date: March 5, 2014

CITY AND COUNTY OF SAN FRANCISCO

Teresa Yanga, Housing Development Director
Mayor's Office of Housing and Community Development

Introduction Form

By a Member of the Board of Supervisors or the Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

MAY - 6 11:29 AM
Time stamp
of meeting date

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 [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach 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 a Imperative Form.

Sponsor(s):

Supervisor Jane Kim

Subject:

Multifamily Housing Revenue Bonds – 1301 4th Street (Mission Bay South Block 7 West) – Not to Exceed \$47,500,000

The text is listed below or attached:

See attached.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

