

File No. 140837

Committee Item No. 25

Board Item No. 42

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee

Date July 23, 2014

Board of Supervisors Meeting

Date July 29 2014

Cmte Board

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Completed by: Linda Wong Date July 18, 2014

Completed by: Linda Wong Date 7/23/14

1 [Multifamily Housing Revenue Bonds - 1500-1580 Mission Street - Not to Exceed
2 \$375,000,000]

3 **Resolution** declaring the intent of the City and County of San Francisco (the 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 Development
6 (the Director) to submit an application and related documents to the California Debt
7 Limit Allocation Committee (CDLAC) to permit the issuance of residential mortgage
8 revenue bonds in an aggregate principal amount not to exceed \$375,000,000 for 1500-
9 1580 Mission Street; authorizing and directing the Director to direct the Controller's
10 Office to hold in trust an amount not to exceed \$100,000 in accordance with CDLAC
11 procedures; authorizing the Director to certify to CDLAC that the City has on deposit
12 the required amount; authorizing the Director to pay an amount equal to such deposit
13 to the State of California if the City fails to issue the residential mortgage revenue
14 bonds; approving, for purposes of the Internal Revenue Code of 1986, as amended, the
15 issuance and sale of residential mortgage revenue bonds by the City in an aggregate
16 principal amount not to exceed \$375,000,000; authorizing and directing the execution
17 of any documents necessary to implement this Resolution; and ratifying and approving
18 any action heretofore taken in connection with the Project as defined herein, and the
19 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

3 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, Related California Urban Housing, LLC, a limited liability company, or any
19 successor thereto, (the "Developer"), desires to construct approximately 565 units of
20 residential rental housing located at 1500-1580 Mission Street (the "Project"); and,

21 WHEREAS, The Developer has requested that the City assist in the financing of the
22 Project through the issuance of one or more series of tax-exempt mortgage revenue bonds
23 (the "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 \$375,000,000 and to loan the proceeds of the Bonds to the Developer (the "Loan") to finance
3 the costs of the Project; and

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

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

11 WHEREAS, The interest on the Bonds may qualify for tax exemption under Section
12 103 of the Internal Revenue Code of 1986, as amended (the "Code"), only if the Bonds are
13 approved in accordance with Section 147(f) of the Code; and

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

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

17 WHEREAS, On July 5, 2014, the City caused a notice stating that a public hearing with
18 respect to the issuance of the Bonds would be held by the Mayor's Office of Housing and
19 Community Development and Community Development on July 21, 2014, to appear in The
20 San Francisco Chronicle, which is a newspaper of general circulation in the City; and

21 WHEREAS, The Mayor's Office of Housing and Community Development held the
22 public hearing described above on July 21, 2014 and an opportunity was provided for persons
23 to comment on the 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 tax-exempt private activity
5 bonds, which include qualified mortgage bonds, that may be issued in any calendar year by
6 entities within a state and authorizes the legislature of each state to provide the method of
7 allocating authority to issue tax-exempt private activity bonds within the respective 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 tax-exempt private activity bonds; and

12 WHEREAS, Section 8869.85(b) of the Government Code requires that a local agency
13 file an application for a portion of the state ceiling with or upon the direction of the California
14 Debt Allocation Committee ("CDLAC") prior to the issuance of tax-exempt private activity
15 bonds, including qualified mortgage bonds; 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 United States
25 Treasury Regulations. This Resolution does not bind the Board of Supervisors to issue the

1 Bonds, approve the Loan or to make any expenditure, incur any indebtedness or proceed with
2 the Project.

3 Section 3. The Board of Supervisors hereby declares its official intent under United
4 States Treasury Regulations Section 1.150-2 to use proceeds of the Bonds to reimburse
5 expenditures incurred in connection with the Project. The Board of Supervisors hereby further
6 declares its intent to use such proceeds to reimburse the Developer for actual expenditures
7 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 Project
12 is \$375,000,000.

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 approval
17 of the underlying credit issues of the proposed Project nor an approval of the financial
18 structure of the Bonds.

19 Section 8. The Board of Supervisors hereby authorizes the Director, or his designee of
20 the Mayor's Office of Housing and Community Development (the "Director"), on behalf of the
21 City, to submit an application (the "Application"), and such other documents as may be
22 required, to CDLAC pursuant to Government Code Section 8869.85 for an allocation for the
23 Project of a portion of the state ceiling for private activity bonds in a principal amount not to
24 exceed \$375,000,000.

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 and Community Development is
8 hereby authorized to cause an amount equal to the Deposit to be paid to the State of
9 California from the Hotel Tax Fund, if required by CDLAC.

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 APPROVED AS TO FORM:
19

20 DENNIS J. HERRERA
21 City Attorney

22 By: Kenneth David Roux
23 KENNETH DAVID ROUX
24 Deputy City Attorney

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Mayor Lee
BOARD OF SUPERVISORS

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7/15/14

Mayor's Office of Housing and Community Development
City and County of San Francisco



Edwin M. Lee
Mayor

Olson Lee
Director

July 15, 2014

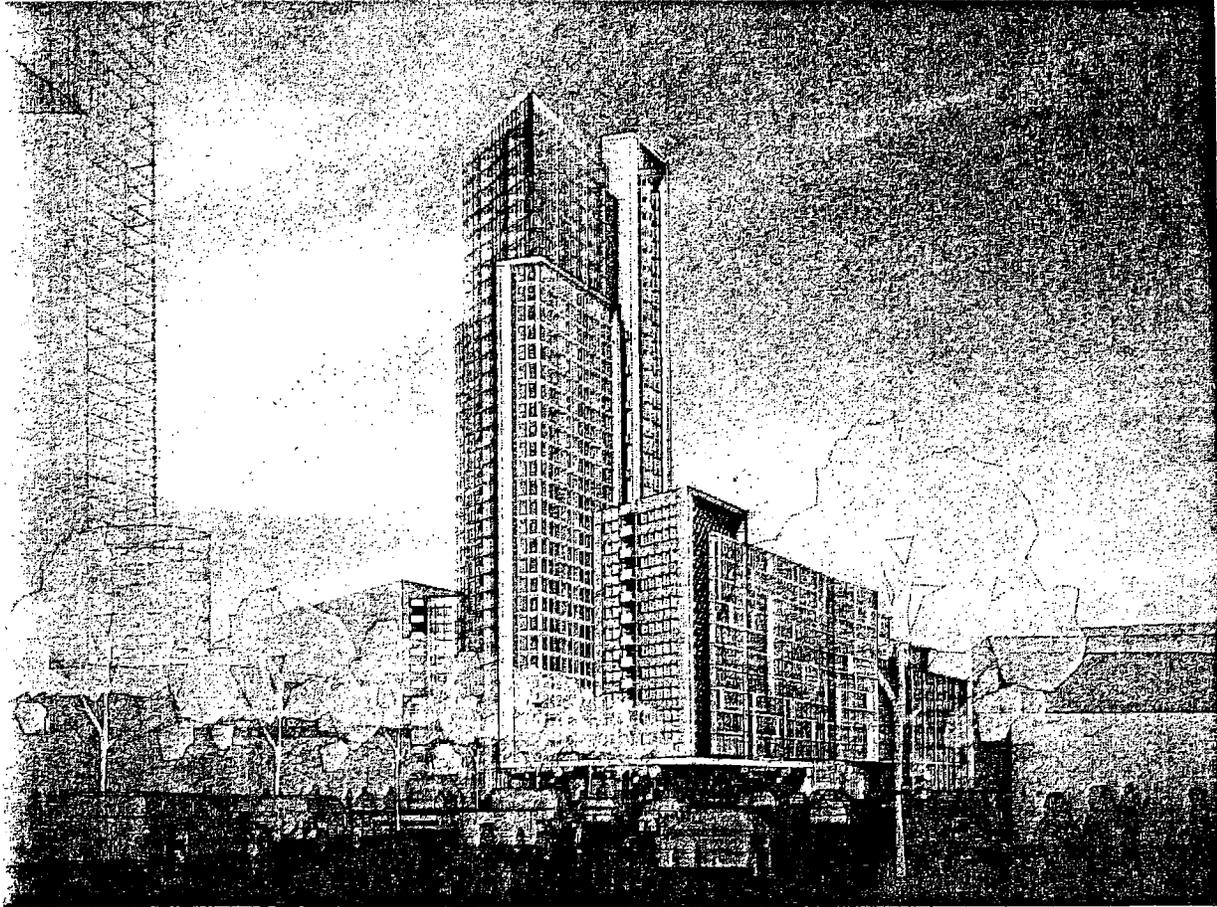
Honorable Mayor Lee
City and County of San Francisco
City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Resolution Authorizing Application to California Debt Limit Allocation Committee for Multifamily Housing Revenue Bonds for 1500-1580 Mission Street.

With this memo, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, July 15, 2014, a resolution regarding qualified mortgage revenue bonds for 1500-1580 Mission Street, a residential housing development sponsored by Related California. The resolution would authorize me, as Director of this office, to submit an application to the California Debt Limit Allocation Committee for permission to issue such bonds in an amount not to exceed \$375,000,000, and to declare the intent of the City and County of San Francisco to reimburse certain expenditures from proceeds of future bonded indebtedness. This resolution would only authorize us to apply for an allocation of bond issuing authority. Should we receive authority, we will need to return to the Board for permission to actually issue the bonds. Funds generated from the issuance and sale of the bonds would be used to finance construction of the project.

The sponsor is proposing the new construction of approximately 565 units of rental housing located at South Van Ness Avenue and Mission Street. Eighty percent of the units or 452 units will be market rate and twenty percent or 113 units will be affordable.

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 is the project revenues themselves and the credit enhancement provided by lenders.



GOODWILL REDEVELOPMENT

**1500 – 1580 Mission Street
San Francisco, California**

RELATED

Please direct all inquiries to the following:

RELATED CALIFORNIA
18201 Von Karman Avenue, Suite 900
Irvine, California 92612
(949) 660-7272 Phone
(949) 660-7273 Fax

Gino Canori
Executive Vice President
gcanori@related.com

Larry Wilkes
Senior Associate
lwilkes@related.com

Customer Information

Customer Name	S F MAYOR'S OFFICE OF HOUSING	Master Id	52759
Address	25 VAN NESS AVE., #700	Phone	4152523177
City	SAN FRANCISCO	Fax	4152523140
State - Zip	CA - 94102		

Product Information

Legal GOVERNMENT - GOVT PUBLIC NOTICE

Order Information

Attention Name	Joan McNamara	Billing Reference No.	1500 Missi
Ad Description	1500 Mission Street	Sale/Hrg/Bid Date	-

Special Instructions -

Orders Created

Order No.	Newspaper Name	Publishing Dates	Ad	Price Description	Price	Ad Status
2641745	SAN FRANCISCO CHRONICLE-CITY&CO. 10%, CA	07/05/2014	Depth : 5.40" Lines : 66	\$ Publication # of lines 67[\$334.33] \$ 10% set aside[\$-33.43]	\$300.90	Sent

Order No.	Newspaper	View
2641745	SAN FRANCISCO CHRONICLE-CITY&CO. 10%	View Ad In PDF

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on Monday, July 21, 2014 at 9:00 a.m., in the Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th 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 Three-Hundred and Seventy-Five Million dollars (\$375,000,000). A portion of the proceeds of the Bonds will be loaned to Related California Urban Housing, LLC, (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 construction of approximately 565 units of residential rental housing located at 1500 Mission Street, San Francisco, California 94103 (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 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 Joan McNamara, Mayor's Office of Housing and Community Development, at the address indicated above.

Date: July 2, 2014

CITY AND COUNTY OF SAN FRANCISCO

Olson Lee
Director, Mayor's Office of
Housing and Community Development

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *for* Mayor Edwin M. Lee *QE*
RE: Multifamily Housing Revenue Bonds – 1500-1580 Mission Street – Not to Exceed \$375,000,000
DATE: July 15, 2014

Resolution declaring the intent of the City and County of San Francisco (the "City") to reimburse certain expenditures from proceeds of future bonded indebtedness; 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 \$375,000,000 for 1500-1580 Mission Street; 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 \$375,000,000; 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).

I request that this item be calendared in Budget and Finance Committee on July 23rd.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

QE
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BOARD OF SUPERVISORS
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