

File No. 140719

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development Date June 30, 2014

Board of Supervisors Meeting Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <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 type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input 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 |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <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 |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

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Completed by: Andrea Ausberry Date June 26, 2014

Completed by: _____ Date _____

1 [Resolution of Intent - Mortgage Revenue Bonds - 800 Presidio Avenue - Not to Exceed
2 \$15,000,000]

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 qualified mortgage**
8 **revenue bonds in an aggregate principal amount not to exceed \$15,000,000 for 800**
9 **Presidio Avenue (The John Burton Foundation Housing Complex); authorizing and**
10 **directing the Director to direct the Controller's Office to hold in trust an amount not to**
11 **exceed \$75,000 in accordance with CDLAC procedures; authorizing the Director to**
12 **certify to CDLAC that the City has on deposit the required amount; authorizing the**
13 **Director to pay an amount equal to such deposit to the State of California if the City**
14 **fails to issue the qualified mortgage revenue bonds; approving, for purposes of the**
15 **Internal Revenue Code of 1986, as amended, the issuance and sale of mortgage**
16 **revenue bonds by the City in an aggregate principal amount not to exceed \$15,000,000;**
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 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, Booker T. Washington Community Service Center, a California nonprofit
19 public benefit corporation (or any successor thereto) (the "Developer"), desires to construct a
20 50-unit residential rental housing development for transitional age youth and single person
21 households at 800 Presidio Avenue to be known as The John Burton Foundation Housing
22 Complex (the "Project"); and

23 WHEREAS, The Developer has requested that the City assist in the financing of the
24 Project through the issuance of one or more series of tax-exempt mortgage revenue bonds
25 (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 \$15,000,000 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 June 11, 2014, the City caused a notice stating that a public hearing
20 with respect to the issuance of the Bonds would be held by the Mayor's Office of Housing and
21 Community Development on June 26, 2014, to appear in *The San Francisco Chronicle*, which
22 is a newspaper of general circulation in the City; and

23 WHEREAS, The Mayor's Office of Housing and Community Development has held the
24 public hearing described above on June 26, 2014, and an opportunity was provided for
25 persons 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 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
25

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 \$15,000,000.

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. This approval of the issuance of the Bonds by the City shall not obligate the
20 City or any department of the City to (i) provide financing to the Developer for the repayment
21 of the Loan or to issue the Bonds for purposes of such financing; (ii) make any contribution or
22 advance any funds to the Developer; or (iii) approve any application or request for, or take any
23 other action in connection with, any environmental, General Plan, zoning or any other permit
24 or other regulatory action sought in connection with the Project.

1 Section 9. The Board of Supervisors hereby authorizes the Director of the Mayor's
2 Office of Housing and Community Development (the "Director"), on behalf of the City, to
3 submit an application (the "Application"), and such other documents as may be required, to
4 CDLAC pursuant to Government Code Section 8869.85 for an allocation of a portion of the
5 state ceiling for private activity bonds in a principal amount not to exceed \$15,000,000 for
6 qualified mortgage revenue bonds.

7 Section 10. An amount equal to \$75,000 ("Deposit") is hereby authorized to be held on
8 deposit in connection with the Application and the applicable CDLAC procedures, and the
9 Director is authorized to certify to CDLAC that such funds are available; which Deposit shall
10 consist of a restriction on cash in the Affordable Housing Fund established pursuant to
11 Sections 315 *et seq.* of the San Francisco Planning Code, whereby the Citywide Affordable
12 Housing Fund receives in-lieu fees paid by housing developers to satisfy requirements of the
13 Inclusionary Affordable Housing Program (the "Affordable Housing Fund").

14 Section 11. If the City receives a CDLAC allocation and the applicable issuance
15 requirements are not met, the Mayor's Office of Housing and Community Development is
16 hereby authorized to cause an amount equal to the Deposit to be paid to the State of
17 California from the Affordable Housing Fund, if required.

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

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Section 13. This Resolution shall take effect from and after its adoption by the Board
and approval by the Mayor.

APPROVED AS TO FORM:
DENNIS J. HERRERA
City Attorney

By: Kenneth David Roux
Kenneth David Roux
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

June 13, 2014

Supervisor Breed
City and County of San Francisco
Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

RE: Resolution Authorizing Application to the California Debt Limit Allocation Committee for Multifamily Housing Revenue Bonds for 800 Presidio, The John Burton Foundation Housing Complex

Dear Supervisor Breed,

The Mayor's Office of Housing and Community Development wishes to forward the attached resolution for introduction at the Board of Supervisors on June 17, 2014, to authorize a bond application for the financing of 800 Presidio, The John Burton Foundation Housing Complex. The resolution authorizes the Mayor's Office of Housing and Community Development 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 \$15 million for the affordable housing with a Transition Age Youth (TAY) supportive housing component. The resolution also documents the noticing of the public hearing to be held on June 26, 2014. Should we receive authority, we would 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.

Project Summary

As you know, Booker T. Washington Community Service Center (BTWCSC) is developing a mixed use affordable housing project and Community Center in partnership with the John Stewart Company, with Equity Community Builders serving as development manager. The proposed project will have 50 units of housing, including 24 units targeted to Transition Age Youth (TAY).

The developers will demolish BTWCSC's existing outdated community center to construct housing on the corner of Presidio and Sutter, containing 50 units of affordable housing in 5

stories. The 24 TAY units will be targeted to emancipating foster youth, with wrap around services provided by First Place for Youth. The housing will be located adjacent to the new Community Center, which will contain a state-of-the-art gymnasium, with educational, social and recreational services for youth, families and seniors in the Western Addition and beyond. Planned programs include a youth radio program, computer center, childcare, afterschool program, and other services.

The housing and Community Center will be built as an integrated building, located in separate air rights parcels, and will be financed separately. The housing is estimated to have a total development cost of \$22.7 million, utilizing City sources totaling around \$9.85 million, HCD Infill Infrastructure grant, HCD MHP for Youth, 4% tax credits and multifamily revenue bonds. The current estimated bond allocation needed is \$15 million. The sponsor will apply for a CDLAC allocation on July 18 for a September 17, 2014 allocation, and plans to close and start construction in December 2014. BTWCSC and the John Stewart Company will be co-General Partners of the new Limited Partnership owner of the housing, and BTWCSC will own the Community Center.

All units will be restricted to low income households earning less than 50% of the Area Median Income, with 24 units targeted to Transition Age Youth. It is anticipated that operations for the TAY units will be subsidized by subsidies from the Transitional Housing Program Plus (THP Plus) as well as the City's Local Operating Subsidy Program (LOSP).

The proposed schedule for the CDLAC application is as follows:

- TEFRA Hearing: 6/26/14
- **Introduce TEFFA / Inducement Resolution:** 6/17/14
- **Government Audit and Oversight Committee:** 6/30/14
- **BOS legislation full board:** 7/8/14 or 7/15/14
- Submit CDLAC application: 7/18/14
- CDLAC Meeting: 9/17/14

The Mayor's Office of Housing and Community Development 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 June 17, and be considered by the full Board by July 15, 2014 at latest. We greatly 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

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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,

A handwritten signature in black ink, appearing to read "Olson Lee". The signature is fluid and cursive, with a long horizontal stroke connecting the two names.

Olson Lee
Director

cc: Pat Scott, BTWCSC

The John Burton Foundation Housing Complex, 800 Presidio Ave., BTWCSC

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The housing and Community Center will be built as an integrated building, located in separate air rights parcels, and will be financed separately. The housing is estimated to have a total development cost of \$22.7 million, utilizing City sources totaling around \$9.85 million, HCD Infill Infrastructure grant, HCD MHP for Youth, 4% tax credits and multifamily revenue bonds. The current estimated bond allocation needed is \$15 million. The sponsor will apply for a CDLAC allocation in July for a September 17, 2014 allocation, and plans to close and start construction in December 2014. BTWCSC and the John Stewart Company will be co-GPs of the new LP owner of the housing, and BTWCSC will own the Community Center.

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or 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.

Land Use Please

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 []

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 JUN 17 PM 4:14

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):

Breed

Subject:

800 Presidio TEFRA/Mortgage Revenue Bonds

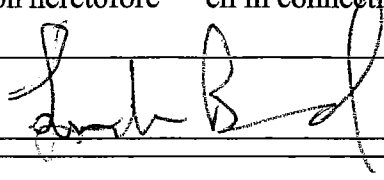
The text is listed below or attached:

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 qualified mortgage revenue bonds in an aggregate principal amount not to exceed \$15,000,000 for 800 Presidio Avenue (The John Burton Foundation Housing Complex); authorizing and directing the Director to direct the Controller's Office to hold in trust an amount not to exceed \$75,000 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 qualified mortgage revenue bonds; approving, for purposes of the Internal Revenue Code of 1986, as amended, the issuance and sale of mortgage revenue bonds by the City in an aggregate principal amount not to exceed \$15,000,000; authorizing and directing the execution of any documents necessary to

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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).

Signature of Sponsoring Supervisor:



For Clerk's Use Only: