

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

BUDGET AND FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Malia Cohen, Chair
Budget and Finance Committee

FROM: Linda Wong, Assistant Clerk

DATE: June 5, 2017

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, June 6, 2017

The following file should be presented as a **COMMITTEE REPORT** at the Board meeting on Tuesday, June 6, 2017, at 2:00 p.m. This item was acted upon at the Committee Meeting on Thursday, June 1, 2017, at 1:00 p.m., by the votes indicated.

Item No. 44 File No. 170605

Resolution approving, for purposes of the Internal Revenue Code of 1986, as amended, the issuance and sale of residential mortgage revenue bonds or notes by the City in an aggregate principal amount not to exceed \$76,000,000 for the purpose of providing financing for the acquisition and rehabilitation of a 92-unit multifamily rental housing project for low or very low income persons or households, located at 171 Loehr Street and 1250 Sunnydale Avenue; 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.

RECOMMENDED AS COMMITTEE REPORT

Vote: Supervisor Malia Cohen - Aye
Supervisor Norman Yee - Aye
Supervisor Katy Tang - Aye
Supervisor Jane Kim - Aye
Supervisor Jeff Sheehy - Aye

c: Board of Supervisors
Angela Calvillo, Clerk of the Board
Jon Givner, Deputy City Attorney
Alisa Somera, Legislative Deputy Director

1 [Multifamily Housing Revenue Bonds - 171 Loehr Street and 1250 Sunnydale Avenue (also
2 known as Britton Court) - Not to Exceed \$76,000,000]

3 **Resolution approving, for purposes of the Internal Revenue Code of 1986, as amended,**
4 **the issuance and sale of residential mortgage revenue bonds or notes by the City in an**
5 **aggregate principal amount not to exceed \$76,000,000 for the purpose of providing**
6 **financing for the acquisition and rehabilitation of a 92-unit multifamily rental housing**
7 **project for low or very low income persons or households, located at 171 Loehr Street**
8 **and 1250 Sunnydale Avenue; authorizing and directing the execution of any documents**
9 **necessary to implement this Resolution; and ratifying and approving any action**
10 **heretofore taken in connection with the Project, as defined herein.**

11
12 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
13 "Board of Supervisors"), after careful study and consideration, has determined that there is a
14 shortage of safe and sanitary housing within the City, particularly for low and moderate
15 income persons, and that it is in the best interest of the residents of the City and in
16 furtherance of the health, safety, and welfare of the public for the City to assist in the financing
17 of multi-family rental housing units; and

18 WHEREAS, Acting under and pursuant to the powers reserved to the City under
19 Sections 3, 5, and 7 of Article XI of the Constitution of the State of California and Sections
20 1.101 and 9.107 of the Charter, the City has enacted the City and County of San Francisco
21 Residential Mortgage Revenue Bond Law (the "City Law"), constituting Article I of Chapter 43
22 of the San Francisco Administrative Code, in order to establish a procedure for the
23 authorization, issuance and sale of residential mortgage revenue bonds by the City for the
24 purpose of providing funds to encourage the availability of adequate housing and home
25 finance for persons and families of low or moderate income, and to develop viable

1 communities by providing decent housing, enhanced living environments, and increased
2 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
4 State of California, and particularly Chapter 7 of Part 5 thereof (the "State Law"), the City is
5 empowered to issue and sell bonds for the purpose of making mortgage loans or otherwise
6 providing funds to finance the development of multifamily rental housing including units for
7 lower income households and very low income households; and

8 WHEREAS, Mercy Housing California 74, L.P., a California limited partnership (or any
9 successor thereto including any successor owner of the Project, the "Developer"), desires to
10 acquire and rehabilitate a 92-unit affordable residential rental housing development located at
11 171 Loehr Street and 1250 Sunnysdale Avenue, San Francisco, California 94134 (the
12 "Project"); and

13 WHEREAS, The Developer has requested that the City assist in the financing of the
14 Project through the issuance of one or more series of tax-exempt residential mortgage
15 revenue bonds or notes (the "Bonds"); and

16 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
17 \$76,000,000 and to loan the proceeds of the Bonds to the Developer to finance costs of the
18 Project; and

19 WHEREAS, The interest on the Bonds may qualify for tax exemption under Section
20 103 of the Internal Revenue Code of 1986, as amended (the "Code"), only if the Bonds are
21 approved in accordance with Section 147(f) of the Code; and

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

24 WHEREAS, The Project is located wholly within the City; and
25

1 WHEREAS, On April 20, 2017, the City caused a notice, stating that a public hearing
2 with respect to the issuance of the Bonds would be held by the Mayor's Office of Housing and
3 Community Development on May 5, 2017, to appear in *The San Francisco Examiner*, which is
4 a newspaper of general circulation in the City; and

5 WHEREAS, The Mayor's Office of Housing and Community Development held the
6 public hearing described above on May 5, 2017, and an opportunity was provided for persons
7 to comment on the issuance of the Bonds and the Project; and the minutes of such hearing
8 were provided to this Board of Supervisors prior to this meeting; and

9 WHEREAS, This Board of Supervisors is the elected legislative body of the City and is
10 the applicable elected representative authorized to approve the issuance of the Bonds within
11 the meaning of Section 147(f) of the Code; now, therefore be it

12 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
13 follows:

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

16 Section 2. The Board of Supervisors adopts this Resolution for purposes of
17 establishing compliance with the requirements of Section 147(f) of the Code. This Resolution
18 does not bind the Board of Supervisors to issue the Bonds or to make any expenditure, incur
19 any indebtedness or proceed with the Project.

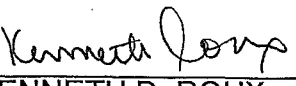
20 Section 3. For purposes of Section 147(f) of the Code, this Board of Supervisors, as
21 the applicable elected representative of the governmental unit having jurisdiction over the
22 area in which the Project is located, hereby approves the issuance of the Bonds in the
23 maximum principal amount of \$76,000,000, for the purposes described herein.

1 Section 4. This approval of the issuance of the Bonds by the City is neither an approval
2 of the underlying credit issues of the proposed Project nor an approval of the financial
3 structure of the Bonds.

4 Section 5. The officers and employees of the City and the Director are hereby
5 authorized and directed, jointly and severally, to do any and all things consistent with this
6 Resolution necessary or advisable to effectuate the purposes of this Resolution, and all
7 actions previously taken by such officers and employees with respect to the Project consistent
8 with Resolution, are hereby ratified and approved.

9 Section 6. This Resolution shall take effect from and after its adoption by the Board and
10 approval by the Mayor.

11
12 APPROVED AS TO FORM:
13 DENNIS J. HERRERA
14 City Attorney

15 By: 
16 _____
17 KENNETH D. ROUX
18 Deputy City Attorney
19 n:\spec\as2017\0100007\01190837.docx
20
21
22
23
24
25

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

Britton Court Apartments

Overview

The funds described in the “Financing Structure” section below will be used to finance the acquisition and rehabilitation of Britton Court Apartments, a 92-unit affordable multifamily housing project located at 171 Loehr Street and 1250 Sunnydale Avenue in the City and County of San Francisco (the “Project”).

Following rehabilitation, the Project will include approximately 95,469 square feet of gross floor area, comprised of 91,233 square feet of residential area and 4,236 square feet of non-residential area. Non-residential spaces will include an administrative office, resident services office, community room with kitchen, and day care center. Additionally, there are 7 laundry rooms.

Total project costs, including the cost to acquire the land and rehabilitate the existing buildings, will be approximately \$76,000,000.

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

<u>Unit type</u>	<u>Number of units</u>
2-Bedroom	63
3-Bedroom	21
4-Bedroom	8

Forty-seven percent of the residential units will serve households earning less than 60 percent of the San Francisco County Area Median Income (“AMI”), while the balance of units will serve households earning less than 53 percent of AMI.

The buildings are occupied by Section 8 and low income tenants and are not age restricted. Of the total 92 apartment units, 46 are Section 8 and 46 are HOME-low income units; there are no market rate units at the Project.

No residents will be displaced, as all residents will have the right to return after any temporary relocation that might be required.

Site Description and Scope of Work

Address: 171 Loehr Street/1250 Sunnydale Avenue, San Francisco, California 94134
Block/Lot: 6300/043

The scope of work for the rehabilitation is expected to include repair and/or replacement of:

- roof systems,
- exterior siding and trim,
- windows,
- domestic hot water,

- parking areas,
- stairs and landings,
- unit patios,
- unit interiors,
- common area interiors, and
- site improvements.

Development and Management Team

Project Sponsor:	Mercy Housing California
General Contractor:	TBD
Architect of Record:	Mithun Solomon
Property Manager:	Jennifer Monsarrat

Project Ownership Structure

Borrower Entity:	Mercy Housing California 74, L.P.
Managing General Partner:	Mercy Housing Calwest

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”);
- seller carryback financing from Britton Street Associates;
- a soft loan from the City;
- a conventional mortgage.

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 by December 2017, with construction commencing within days of closing. All construction is scheduled to be completed by the end of 2018.

Tenants are expected to be temporarily relocated for 2 to 4 weeks during the rehabilitation.

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#: 3001562

PROOF OF PUBLICATION

(2015.5 C.C.P.)

State of California)
County of SAN FRANCISCO) ss

Notice Type: GPN - GOVT PUBLIC NOTICE

Ad Description:
TEFRA AD; BRITTON COURT

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:

04/20/2017

Executed on: 04/20/2017
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 May 5, 2017, at 11:00 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 seventy six million dollars (\$76,000,000). A portion of the proceeds of the Bonds will be loaned to Mercy Housing California 74, 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 acquisition and rehabilitation of a 92-unit residential rental housing development commonly known as Britton Court Apartments located at 171 Loehr Street and 1250 Sunnydale Avenue, San Francisco, California 94134 (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 Adam Cray, Mayor's Office of Housing and Community Development, at the address indicated above. Date: April 20, 2017
CITY AND COUNTY OF SAN FRANCISCO
Olson Lee
Director, Mayor's Office of Housing and Community Development



Email

* A 0 0 0 0 0 4 4 2 3 1 9 6 *

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



Edwin M. Lee
Mayor

Olson Lee
Director

TEFRA Hearing Minutes

Project Name: Britton Court
Project Sponsor: Mercy Housing California
Project Address: 171 Loehr Street and 1250 Sunnysdale Avenue, San Francisco, California 94134
Project Block/Lot: 6300/043
Hearing Location: City and County of San Francisco
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Hearing Date/Time: May 5, 2017 from 11:00 a.m. to 12:00 p.m.

The hearing was called to order by Adam Cray of the San Francisco Mayor's Office of Housing and Community Development ("MOHCD") at 11:00 a.m. Jessie Ozanian of Mercy Housing California ("Mercy"), the project's sponsor, was the only other party in attendance.

1. Explanation of the Purpose for the Hearing

Mr. Cray explained that the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") is a federal law requiring any issuer of tax-exempt bonds to provide a reasonable opportunity for interested individuals to express their views, either orally or in writing, on the issuance of the bonds and the nature of the improvements and projects for which the bond funds will be allocated. Thus, as the issuer of the tax-exempt bonds financing the subject project, the City and County of San Francisco held the TEFRA hearing to provide those interested in discussing the project the opportunity to comment and ask questions.

2. Comments and Questions from Interested Parties

As no parties other than the above-referenced staff from MOHCD and Mercy attended the hearing, there were no comments or questions.

The hearing was adjourned at 12:00 p.m.

Print Form

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
 BOARD OF SUPERVISORS
 SAN FRANCISCO
 2017 MAY 16 PM 4:31
 Time stamp
 or meeting date *ll*

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 [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached 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 the Imperative Form.

Sponsor(s):

Cohen

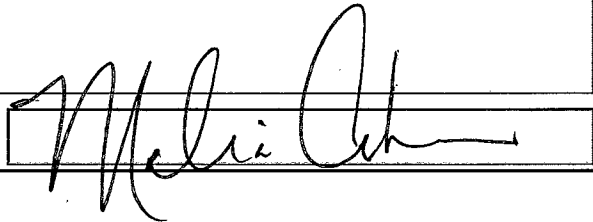
Subject:

[Multifamily Housing Revenue Bonds - 171 Loehr Street and 1250 Sunnydale Avenue, San Francisco, California 94134 ("Britton Court") - Not to Exceed \$76,000,000]

The text is listed:

Attached

Signature of Sponsoring Supervisor:



For Clerk's Use Only

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <i>(Please print clearly.)</i>																			
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors																		
Contractor Information <i>(Please print clearly.)</i>																			
Name of contractor: Mercy Housing California 74, L.P.																			
<p><i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i></p> <p>Relevant officers/agents of Mercy Housing Calwest, a California nonprofit public benefit corporation, Contractor's managing general partner:</p> <table> <tr> <td>Doug Shoemaker, President & Board Member</td> <td>Jane Graf, Vice President</td> </tr> <tr> <td>Valerie Agostino, Vice President & Board Member</td> <td>Stephan Daus, Vice President</td> </tr> <tr> <td>Joe Rosenblum, Secretary</td> <td>Jennifer Dolin, Vice President</td> </tr> <tr> <td>Vince Dodds, Treasurer</td> <td>Barbara Gualco, Vice President & Board Chair</td> </tr> <tr> <td>Amy Bayley, Asst. Secretary</td> <td>Ed Holder, Vice President</td> </tr> <tr> <td>Steve Spears, Vice President</td> <td>Chris Burckhardt, Vice Chair</td> </tr> <tr> <td>Chris Burckhardt, Board Vice Chair</td> <td>Sheela Jivan, Vice President</td> </tr> <tr> <td>Melissa Clayton, Vice President & Board Member</td> <td></td> </tr> <tr> <td>Bruce Saab, Vice President</td> <td></td> </tr> </table>		Doug Shoemaker, President & Board Member	Jane Graf, Vice President	Valerie Agostino, Vice President & Board Member	Stephan Daus, Vice President	Joe Rosenblum, Secretary	Jennifer Dolin, Vice President	Vince Dodds, Treasurer	Barbara Gualco, Vice President & Board Chair	Amy Bayley, Asst. Secretary	Ed Holder, Vice President	Steve Spears, Vice President	Chris Burckhardt, Vice Chair	Chris Burckhardt, Board Vice Chair	Sheela Jivan, Vice President	Melissa Clayton, Vice President & Board Member		Bruce Saab, Vice President	
Doug Shoemaker, President & Board Member	Jane Graf, Vice President																		
Valerie Agostino, Vice President & Board Member	Stephan Daus, Vice President																		
Joe Rosenblum, Secretary	Jennifer Dolin, Vice President																		
Vince Dodds, Treasurer	Barbara Gualco, Vice President & Board Chair																		
Amy Bayley, Asst. Secretary	Ed Holder, Vice President																		
Steve Spears, Vice President	Chris Burckhardt, Vice Chair																		
Chris Burckhardt, Board Vice Chair	Sheela Jivan, Vice President																		
Melissa Clayton, Vice President & Board Member																			
Bruce Saab, Vice President																			
Contractor address: Mercy Housing California 74, L.P. 1360 Mission Street, Suite 300 San Francisco, California 94103																			
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contracts: \$76,000,000																		
Describe the nature of the contract that was approved: Funds provided in connection with construction/rehabilitation work at Britton Court, an affordable rental housing complex for which the City is issuing tax-exempt multifamily housing revenue bonds/notes.																			
Comments:																			

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: **San Francisco Board of Supervisors**

Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed