

1 [Multifamily Housing Revenue Bonds - 510 Folsom Street (also known as Transbay Block 9) -
2 Not to Exceed \$175,000,000]

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 tax exempt residential**
8 **rental housing bonds in an aggregate principal amount not to exceed \$175,000,000 to**
9 **finance costs of the construction of 311 rental housing units to be located on the first**
10 **21 floors of a 42 story mixed use building to be constructed at 510 Folsom Street (also**
11 **known as Transbay Block 9), and related parking and other improvements (the**
12 **“Project”); authorizing and directing the Director to direct the Controller’s Office to**
13 **hold in trust an amount not to exceed \$100,000 in accordance with CDLAC procedures;**
14 **authorizing the Director to certify to CDLAC that the City has on deposit the required**
15 **amount; authorizing the Director to pay an amount equal to such deposit to the State of**
16 **California if the City fails to issue the tax exempt residential rental housing bonds;**
17 **approving, for purposes of the Internal Revenue Code of 1986, as amended, the**
18 **issuance and sale of tax exempt residential rental housing bonds by the City in an**
19 **aggregate principal amount not to exceed \$175,000,000; authorizing and directing the**
20 **execution of any documents necessary to implement this Resolution, as defined**
21 **herein; and ratifying and approving any action heretofore taken in connection with the**
22 **Project, as defined herein, and the Application, as defined herein.**

23
24 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
25 “Board of Supervisors”), after careful study and consideration, has determined that there is a

1 shortage of safe and sanitary housing within the City and County of San Francisco (the “City”),
2 particularly for low and moderate income persons, and that it is in the best interest of the
3 residents of the City and in furtherance of the health, safety, and welfare of the public for the
4 City to assist in the financing of multi-family rental housing units; and

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

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

20 WHEREAS, An entity to be established by Essex Portfolio, L.P. or a related entity (the
21 “Market Rate Unit Developer”), and an entity to be established by BRIDGE Housing
22 Corporation or a related entity (the “Affordable Unit Developer”, and together with the Market
23 Rate Unit Developer, the “Developers”), desire to construct approximately 311 rental housing
24 units and related parking and other improvements (referred to above and otherwise in this
25 Resolution as the “Project”) to constitute the first 21 floors of a 42 story mixed use building to

1 be constructed at 510 Folsom Street (also known as Transbay Block 9), San Francisco,
2 California 94107, which building will also include ground floor retail facilities along Folsom
3 Street; and

4 WHEREAS, The Market Rate Unit Developer will own approximately 202 of the rental
5 housing units in the Project and improvements incident thereto, and the Affordable Unit
6 Developer will own approximately 109 of the rental housing units in the Project and
7 improvements incident thereto, with the units to be owned by the Affordable Unit Developer to
8 be rented to low and very low income tenants, and with the Project to be initially operated by
9 an entity established by Essex Portfolio, L.P. or a related entity, or another entity selected by
10 the Developers; and

11 WHEREAS, The Developers have requested that the City assist in the financing of the
12 Project through the issuance of one or more series of tax-exempt residential rental housing
13 bonds (the "Bonds"); and

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

16 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
17 \$95,000,000 and to use proceeds of the Bonds to make one or more loans (the "Loans") to
18 the Developers to finance costs of the Project; and

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

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

1 WHEREAS, The interest on the Bonds may qualify for tax exemption under section 103
2 of the Internal Revenue Code of 1986, as amended (the “Code”), only if the Bonds are
3 approved in accordance with section 147(f) of the Code; and

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

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

7 WHEREAS, On March 3, 2016, and on March 10, 2016, the City caused a notice
8 stating that a public hearing with respect to the issuance of the Bonds would be held by the
9 Mayor’s Office of Housing and Community Development on March 18, 2016, to appear in The
10 San Francisco Chronicle, which is a newspaper of general circulation in the City; and

11 WHEREAS, The Mayor’s Office of Housing and Community Development held the
12 public hearing described above on March 18, 2016, and an opportunity was provided for
13 persons to comment on the issuance of the Bonds and the Project; and the minutes of such
14 hearing were provided to this Board of Supervisors prior to this meeting; and

15 WHEREAS, This Board of Supervisors is the elected legislative body of the City and is
16 the applicable elected representative authorized to approve the issuance of the Bonds within
17 the meaning of section 147(f) of the Code; and

18 WHEREAS, Section 146 of the Code limits the amount of tax-exempt private activity
19 bonds, which include residential rental housing bonds, that may be issued in any calendar
20 year by entities within a state and authorizes the legislature of each state to provide the
21 method of allocating authority to issue tax-exempt private activity bonds within the respective
22 state; and

23 WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State
24 of California governs the allocation in the State of California of the state ceiling established by
25 section 146 of the Code for tax-exempt private activity bonds among governmental units in the

1 State having the authority to issue tax-exempt private activity bonds; and

2 WHEREAS, Section 8869.85(b) of the Government Code requires that a local agency
3 file an application for a portion of the state ceiling with the California Debt Limit Allocation
4 Committee (“CDLAC”) prior to the issuance of tax-exempt private activity bonds, including
5 residential rental housing bonds; and

6 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling
7 for tax-exempt private activity bonds to certify to CDLAC that applicant has on deposit an
8 amount equal to one-half of one percent (1/2%) of the amount of allocation requested not to
9 exceed \$100,000.00; now, therefore, be it

10 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
11 follows:

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

14 Section 2. The Board of Supervisors adopts this Resolution for purposes of
15 establishing compliance with the requirements of Section 1.150-2 of the United States
16 Treasury Regulations. This Resolution does not bind the Board of Supervisors to issue the
17 Bonds, to approve the Loans or to make any expenditure, incur any indebtedness or proceed
18 with the Project.

19 Section 3. The Board of Supervisors hereby declares its official intent under United
20 States Treasury Regulations Section 1.150-2 to use proceeds of the Bonds to reimburse
21 expenditures incurred in connection with the Project. The Board of Supervisors hereby further
22 declares its intent to use such proceeds to reimburse the Developers for actual expenditures
23 made by the Developers on the Project.

24 Section 4. On the date of the expenditure to be reimbursed, all reimbursable costs of
25 the Project will be of a type properly chargeable to a capital account under general federal

1 income tax principles.

2 Section 5. The maximum principal amount of debt expected to be issued for the Project
3 is \$175,000,000.

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

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

10 Section 8. The Board of Supervisors hereby authorizes the Director of the Mayor's
11 Office of Housing and Community Development, or his designee (the "Director"), on behalf of
12 the City, to submit an application (the "Application"), and such other documents as may be
13 required, to CDLAC pursuant to Government Code Section 8869.85 for an allocation for the
14 Project of a portion of the state ceiling for private activity bonds in a principal amount not to
15 exceed \$175,000,000.

16 Section 9. An amount equal to \$100,000 ("Deposit") is hereby authorized to be held on
17 deposit in connection with the Application and the applicable CDLAC procedures, and the
18 Director is authorized to certify to CDLAC that such funds are available; which Deposit shall
19 be provided to the City by the Market Rate Unit Developer.

20 Section 10. If the City receives a CDLAC allocation for the Project and the Bonds are
21 not issued, the Mayor's Office of Housing and Community Development is hereby authorized
22 to cause an amount equal to the Deposit to be paid to the State of California, if and to the
23 extent required by CDLAC.

24 Section 11. The officers and employees of the City and the Director are hereby
25 authorized and directed, jointly and severally, to do any and all things necessary or advisable

1 to consummate the receipt of an allocation of tax-exempt private activity bond authority for the
2 Project from CDLAC and otherwise effectuate the purposes of this Resolution, consistent with
3 the documents and laws cited herein and this Resolution, and all actions previously taken by
4 such officers and employees with respect to the Project, consistent with the documents cited
5 herein and this Resolution, including but not limited to the submission of the application to
6 CDLAC, are hereby ratified and approved.

7 Section 12. This Resolution shall take effect from and after its adoption by the Board
8 and approval by the Mayor.

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10 DENNIS J. HERRERA
11 City Attorney

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13 By: _____
14 HEIDI GEWERTZ
15 Deputy City Attorney

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