

File No. 210767

Committee Item No. 6

Board Item No. \_\_\_\_\_

# COMMITTEE/BOARD OF SUPERVISORS

## AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date July 21, 2021

Board of Supervisors Meeting

Date \_\_\_\_\_

### Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

### OTHER (Use back side if additional space is needed)

- \_\_\_\_\_
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Completed by: Linda Wong

Date July 15, 2021

Completed by: Linda Wong

Date \_\_\_\_\_

1 [Multifamily Housing Revenue Bonds - 1500 Block of Sunnydale Avenue (Sunnydale HOPE  
2 SF Block 3B) - Not to Exceed \$58,750,000]

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 in an**  
5 **aggregate principal amount not to exceed \$58,750,000; authorizing the Director of the**  
6 **Mayor’s Office of Housing and Community Development (“Director”) to submit an**  
7 **application and related documents to the California Debt Limit Allocation Committee**  
8 **(“CDLAC”) to permit the issuance of residential mortgage revenue bonds in an**  
9 **aggregate principal amount not to exceed \$58,750,000 for 1500 Block of Sunnydale**  
10 **Avenue; authorizing and directing the Director to direct the Controller’s Office to hold**  
11 **in trust an amount not to exceed \$100,000 in accordance with CDLAC procedures;**  
12 **authorizing the Director to certify to CDLAC that the City has on deposit the required**  
13 **amount; authorizing the Director to pay an amount equal to such deposit to the State of**  
14 **California if the City fails to issue the residential mortgage revenue bonds; authorizing**  
15 **and directing the execution of any documents necessary to implement this Resolution,**  
16 **as defined herein; and ratifying and approving any action heretofore taken in**  
17 **connection with the Project, as defined herein, and the Application, as defined herein.**

18  
19 WHEREAS, The Board of Supervisors of the City and County of San Francisco (“Board  
20 of Supervisors”), after careful study and consideration, has determined that there is a  
21 shortage of safe and sanitary housing within the City and County of San Francisco (“City”),  
22 particularly for low and moderate income persons, and that it is in the best interest of the  
23 residents of the City and in furtherance of the health, safety, and welfare of the public for the  
24 City to assist in the financing of multi-family rental housing units; and  
25

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

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

16           WHEREAS, Sunnydale Block 3B Housing Partners, L.P., a California limited  
17 partnership (or an affiliate thereof or successor thereto) (the “Borrower”) desires to construct  
18 or rehabilitate an 90-unit affordable residential rental housing development located at  
19 Sunnydale Block 3B (“Project”); and

20           WHEREAS, The Borrower has requested that the City assist in the financing of the  
21 Project through the issuance of one or more series of tax-exempt mortgage revenue bonds  
22 (“Bonds”); and

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

25           WHEREAS, The City intends to issue the Bonds in an amount not to exceed

1 \$58,750,000 and to loan the proceeds of the Bonds to the Borrower (“Loan”) to finance the  
2 costs of the Project; and

3 WHEREAS, The Bonds will be limited obligations, payable solely from pledged  
4 security, including Project revenues, and will not constitute a debt of the City; and

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

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

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

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

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

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

25 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to

1 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent  
2 (0.5%) of the amount of allocation requested not to exceed \$100,000; now, therefore, be it

3 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as  
4 follows:

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

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

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

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

20 Section 5. The maximum principal amount of debt expected to be issued for the Project  
21 is \$58,750,000.

22 Section 6. This resolution is neither an approval of the underlying credit issues of the  
23 proposed Project nor an approval of the financial structure of the Bonds.

24 Section 7. The Board of Supervisors hereby authorizes the Director of the Mayor's  
25 Office of Housing and Community Development, including any acting or interim director, or

1 such person’s designee (“Director”), on behalf of the City, to submit an application  
2 (“Application”), and such other documents as may be required, to CDLAC pursuant to  
3 Government Code, Section 8869.85 for an allocation for the Project of a portion of the state  
4 ceiling for private activity bonds in a principal amount not to exceed \$58,750,000.

5 Section 8. An amount equal to one-half of one percent (0.5%) of the amount of the  
6 CDLAC allocation requested for the Project, not to exceed \$100,000 (“Deposit”), is hereby  
7 authorized to be 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 available.

9 Section 9. If the City receives a CDLAC allocation for the Project and the Bonds are not  
10 issued, the Mayor’s Office of Housing and Community Development is hereby authorized to  
11 cause an amount equal to the Deposit to be paid to the State of California, if and to the extent  
12 required by CDLAC.

13 Section 10. The officers and employees of the City, including the Director, are hereby  
14 authorized and directed, jointly and severally, to do any and all things necessary or advisable  
15 to consummate the receipt of an allocation from CDLAC and otherwise effectuate the  
16 purposes of this Resolution, consistent with the documents cited herein and this Resolution,  
17 and all actions previously taken by such officers and employees with respect to the Project,  
18 consistent with the documents cited herein and this Resolution, including but not limited to the  
19 submission of the application to CDLAC, are hereby ratified and approved.

20 ///  
21 ///  
22 ///  
23 ///  
24 ///  
25 ///

1            Section 11. This Resolution shall take effect from and after its adoption by the Board  
2 and approval by the Mayor.

3  
4 APPROVED AS TO FORM:  
5 DENNIS J. HERRERA, City Attorney

6 By: /s/ Heidi J. Gewertz  
7        HEIDI J. GEWERTZ  
8        Deputy City Attorney  
9        n:\finan\las2021\0900412\01539059.docx

**Project Description**  
Multifamily Securities Program  
City and County of San Francisco

**Sunnydale HOPE SF Block 3B**

**Overview**

The funds described in the “Financing Structure” section below will be used to finance the development of Sunnydale HOPE SF Block 3B, a 90-unit affordable multifamily housing project to be located on the 1500 Block of Sunnydale Avenue; San Francisco, CA 94134 or Sunnydale HOPE SF Tentative Map 9537 Lot 4 (the “Project”).

Upon completion, the Project will include approximately 130,000 square feet of gross floor area, comprised 126,600 square feet of residential area and 3,400 square feet of non-residential area. Non-residential spaces will include approximately 7 micro-unit retail or office spaces.

Total project costs, including the cost to acquire the land and construct the new building, will be approximately \$89,338,800 or \$992,700/unit per dwelling unit.

The residential unit distribution, which will include one three-bedroom superintendent unit, is:

<u>Unit type</u>	<u>Number of units</u>
Studio	4
1-Bedroom	26
2-Bedroom	35
3-Bedroom	25
Total	90

Please note that the building design is still in process and the residential unit distribution is subject to change. About 75 percent of the residential units will serve households earning less than 50% percent of the San Francisco County Area Median Income (SF AMI), while the balance of units will serve households earning approximately less than 80 percent of SF AMI/60 percent of TCAC AMI.

**Residents**

The Project requires the temporary relocation of Sunnydale public housing households. San Francisco Housing Authority will assist impacted households in relocating temporarily to vacant rehabbed units elsewhere within the Sunnydale public housing site or permanently to other SFHA-subsidized affordable housing within San Francisco on a voluntary basis. All households will be noticed and provided relocation assistance per URA, CRAL, and the Sunnydale HOPE SF Relocation Plan.

**Site Description and Scope of Work**

Address: 1500 Block of Sunnydale Avenue  
San Francisco, CA 94134  
Block/Lot: Sunnydale HOPE SF Temporary Map 9537, Lot 4

Property amenities will include:

- On-site property management and resident services



- Common area with kitchen
- Private resident-only courtyard on the second floor
- Laundry rooms on every floor plus in-unit washer/dryers in 3BD & 4BD units
- 0.75 parking ratio & 1:1 bike storage

### **Development and Management Team**

Project Sponsors: The Related Companies of California & Mercy Housing California  
 General Contractor: Baines/Nibbi  
 Architect of Record: David Baker Architects  
 Property Manager: Mercy Housing Management Group

### **Project Ownership Structure**

Borrower Entity: Sunnydale Block 3B Housing Partners, L.P.  
 Administrative GP: Related/Sunnydale Block 3B Development Co., LLC  
 Managing GP: Mercy Transformation, LLC

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);
- a conventional first mortgage;
- soft debt from the City;
- HCD AHSC;
- HCD IIG; and
- Deferred developer fee.

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 around June 2022, with construction commencing within 10 days closing. All construction is scheduled to be completed by June 2024.

### **Narrative Description of Project Sponsor Experience**

The Project Sponsors/Developers are The Related Companies of California ("Related") and Mercy Housing California ("Mercy"). Together, the two firms are co-Master Developers of the Sunnydale public housing revitalization effort in which this Project will be its third 100% affordable housing development. Related is a fully integrated real estate development firm with 30 years of experience. It has completed and currently operates over 12,000 LIHTC affordable housing units throughout California. Mercy has developed and currently operates more than 9,000 homes throughout California serving lower income families, seniors, and people who have experienced homelessness. Mercy also provides robust resident

service coordination to its residents in addition to property management through its affiliate, Mercy Housing Management Group.

President, District 10  
BOARD of SUPERVISORS



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Tel. No. 554-6516  
Fax No. 554-7674  
TDD/TTY No. 554-6546

**Shamann Walton**

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**PRESIDENTIAL ACTION**

Date: July 7, 2021

To: Angela Calvillo, Clerk of the Board of Supervisors

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Madam Clerk,

Pursuant to Board Rules, I am hereby:

- Waiving 30-Day Rule (Board Rule No. 3.23)

File No. \_\_\_\_\_

\_\_\_\_\_  
(Primary Sponsor)

Title. \_\_\_\_\_

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- Transferring (Board Rule No 3.3)

File No. \_\_\_\_\_

\_\_\_\_\_  
(Primary Sponsor)

Title. \_\_\_\_\_

See the attached two trailing pages for a list of transferring files.

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From: Government Audit & Oversight

\_\_\_\_\_  
Committee

To: Budget & Finance

\_\_\_\_\_  
Committee

- Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: \_\_\_\_\_ Replacing Supervisor: \_\_\_\_\_

For: \_\_\_\_\_

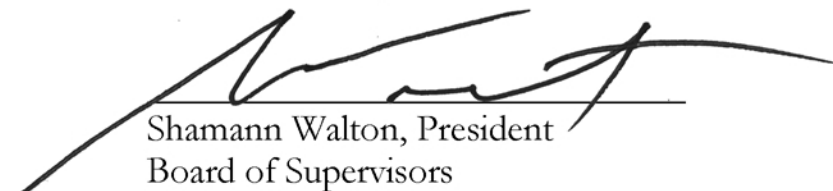
(Date)

(Committee)

Meeting

Start Time: \_\_\_\_\_ End Time: \_\_\_\_\_

Temporary Assignment:  Partial  Full Meeting

  
\_\_\_\_\_  
Shamann Walton, President  
Board of Supervisors

210534 - Administrative Code and Amending Ordinance No. 49-17 - Deferring Payments to and Use of the 180 Jones Affordable Housing Fund

210635 - Lease Amendment No. 2 - Stellar Partners, Inc. - Boarding Area F Specialty Store Lease No. 12-0086 - Term Extension

210607 - Accept and Expend Grant - Retroactive - University of California San Francisco - Construction Community Outreach Program - \$136,000

210608 - Accept and Expend Grant - Retroactive - Development of Commerce - CARES Act Recovery Assistance Revolving Loan Fund - \$550,000

210675 - Lease Agreement - Genesco Partners Joint Ventures #11 - Harvey Milk Terminal 1 Retail Concession - \$365,000 Minimum Annual Guarantee

210676 - Lease Agreement - Culinary Heights Hospitality - Harvey Milk Terminal 1 Food and Beverage Concession Leases in Phases 3 and 4 - Lease 13, Lease No. 20-0043 - \$385,000 Minimum Annual Guarantee

210679 - Accept and Expend Grant - Retroactive - California Governor's Office of Emergency Services - Paul Coverdell Forensic Science Improvement Program - \$61,437

210680 - Accept and Expend Grant - Retroactive - United States Homeland Security - California Office of Emergency Services - Bay Area Urban Areas Security Initiative - \$33,012,500

210681 - Accept and Expend Grant - Retroactive - United States Homeland Security - Securing the Cities Program - FY2020 - \$3,065,800

210682 - Accept and Expend Grant - Retroactive - California Governor's Office of Emergency Services - FY2020 Community Power Resiliency Grant Program - \$189,005

210683 - Accept and Expend Grant - Retroactive - Health Resources and Services Administration - Ending the Human Immunodeficiency Virus Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B - \$2,667,000

210685 - Accept and Expend Grant - Retroactive - California Governor's Office of Emergency Services - Public Safety Power Shutoff Resiliency Allocation Program - FY2019 - \$378,010

210693 - Accept and Expend Grant - Retroactive - Health Resources and Services Administration - Ending the Human Immunodeficiency Virus Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B - \$2,667,000

210713 - Professional Services Agreement Amendment - Calpine Energy Solutions, LLC - Community Choice Aggregation Program - Not to Exceed \$32,645,425

210721 - Apply for Grants - FY2021, FY2022, and FY2023 Emergency Preparedness Grants

210735 - Lease Extension Modification - 2011 Lease and Use Agreement - TACA International Airlines, S.A. - Estimated Rent \$4,301,668

210736 - Lease Agreement - ProperFood SFO Airport, LLC - Harvey Milk Terminal 1 Food and Beverage Concession Lease in Phases 3 and 4 - Lease 10, Lease No. 20-0041 - \$275,000 Minimum Annual Guarantee

210737 - Real Property Lease Amendment - Townsend Associates, LLC - 650-5th Street - \$159,200 Annual Base Rent

- 210738 - Real Property Lease Extension - Mattison Family Trust - 555-575 Polk Street - \$500,364 Annual Base Rent
- 210740 - Health Service System Plans and Contribution Rates - Calendar Year 2022
- 210742 - Accept and Expend Grant - Retroactive - John D. and Catherine T. MacArthur Foundation - Safety and Justice Challenge - Amendment to the Annual Salary Ordinance for FYs 2020-2021 and 2021-2022 - \$2,000,000
- 210743 - Accept and Expend Grant - Retroactive - U.S. Department of Justice - Justice Reinvestment Initiative - Amendment to Annual Salary Ordinance - FYs 2020-2021 and 2021-2022 - \$1,000,000
- 210763 - Loan Agreement - 2550 Irving Associates, L.P. - 100% Affordable Housing at 2550 Irving Street - Not to Exceed \$14,277,516
- 210764 - Loan Agreement - Ambassador Ritz Four Percent, L.P. - 55 Mason Street and 216 Eddy Street - Not to Exceed \$44,465,000
- 210765 - Multifamily Housing Revenue Note - Ambassador Ritz Four Percent L.P. - 55 Mason Street and 216 Eddy Street - Not to Exceed \$56,039,857
- 210766 - Multifamily Housing Revenue Bonds - 151 and 351 Friedell Street (Hunters Point Shipyard Phase 1 Blocks 52 and 54) - Not to Exceed \$63,000,000
- 210767 - Multifamily Housing Revenue Bonds - 1500 Block of Sunnysdale Avenue (Sunnysdale HOPE SF Block 3B) - Not to Exceed \$58,750,000
- 210768 - Apply for, Accept, and Expend Grant - Retroactive - U.S. Department of Housing and Urban Development - Community Development Block Grant Program (CDBG) - \$24,737,307 - FY2021-2022
- 210769 - Apply for, Accept, and Expend Grant - Retroactive - U.S. Department of Housing and Urban Development - Emergency Solutions Grants (ESG) Program - \$1,590,749 - FY2021-2022
- 210770 - Apply for, Accept, and Expend Grant - Retroactive - U.S. Department of Housing and Urban Development - HOME Investment Partnership Program - \$5,261,731 - FY2021-2022
- 210771 - Apply for, Accept, and Expend Grant - Retroactive - U.S. Department of Housing and Urban Development - Housing Opportunities for Persons with AIDS (HOPWA) Program - \$12,977,602 - FY2021-2022
- 210774 - Real Property Lease Extension - BC Capp, LLC - Homeless Resource Center - 165 Capp Street - \$270,685 Annual Base Rent
- 210775 - Lease of Real Property - SFSPE TG, LLC, SFSPE T1, LLC, SFSPE MH, LLC and SFSPE OBI LLC - 1360 Mission Street - \$644,404 Annual Base Rent - Up to \$200,000 in Tenant Improvements