



1 [Multifamily Housing Revenue Bonds - 145 Guerrero Street - Not to Exceed \$50,000,000]

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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 \$50,000,000 for 145**  
9 **Guerrero Street; authorizing and directing the Director to direct the Controller's Office**  
10 **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 \$50,000,000; authorizing and directing the execution of**  
17 **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.**

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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, Mercy Housing California 69, L.P., a California limited partnership (or any  
19 successor thereto including any successor owner of the Project, the "Developer"), desires to  
20 rehabilitate/construct a 110-unit affordable residential rental housing development located at  
21 145 Guerrero Street, San Francisco, California 94103 (the "Project"); and

22 WHEREAS, The Developer has requested that the City assist in the financing of the  
23 Project through the issuance of one or more series of tax-exempt mortgage revenue bonds  
24 (the "Bonds"); and  
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1           WHEREAS, The City expects that proceeds of the Bonds will be used to pay certain  
2 costs incurred in connection with the Project prior to the date of issuance of the Bonds; and

3           WHEREAS, The City intends to issue the Bonds in an amount not to exceed  
4 \$50,000,000 and to loan the proceeds of the Bonds to the Developer (the "Loan") to finance  
5 the costs of the Project; and

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

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

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

15           WHEREAS, The interest on the Bonds may qualify for tax exemption under Section  
16 103 of the Internal Revenue Code of 1986, as amended (the "Code"), only if the Bonds are  
17 approved in accordance with Section 147(f) of the Code; and

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

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

21           WHEREAS, On October 16, 2015 the City caused a notice stating that a public hearing  
22 with respect to the issuance of the Bonds would be held by the Mayor's Office of Housing and  
23 Community Development and Community Development on October 30, 2015, to appear in  
24 The San Francisco Examiner, which is a newspaper of general circulation in the City; and  
25

1           WHEREAS, The Mayor's Office of Housing and Community Development held the  
2 public hearing described above on October 30, 2015 and an opportunity was provided for  
3 persons to comment on the issuance of the Bonds and the Project; and the minutes of such  
4 hearing were provided to this Board of Supervisors prior to this meeting; and

5           WHEREAS, This Board of Supervisors is the elected legislative body of the City and is  
6 the applicable elected representative authorized to approve the issuance of the Bonds within  
7 the meaning of Section 147(f) of the Code; and

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

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

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

20           WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to  
21 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent  
22 (1/2%) of the amount of allocation requested not to exceed \$100,000.00; now, therefore, be it

23           RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as  
24 follows:

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

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

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

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

16 Section 5. The maximum principal amount of debt expected to be issued for the Project  
17 is \$50,000,000.

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

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

24 Section 8. The Board of Supervisors hereby authorizes the Director, or his designee of  
25 the Mayor's Office of Housing and Community Development (the "Director"), on behalf of the

1 City, to submit an application (the "Application"), and such other documents as may be  
2 required, to CDLAC pursuant to Government Code Section 8869.85 for an allocation for the  
3 Project of a portion of the state ceiling for private activity bonds in a principal amount not to  
4 exceed \$50,000,000.

5 Section 9. An amount equal to \$100,000 ("Deposit") is hereby authorized to be held on  
6 deposit in connection with the Application and the applicable CDLAC procedures, and the  
7 Director is authorized to certify to CDLAC that such funds are available.

8 Section 10. If the City receives a CDLAC allocation and the applicable issuance  
9 requirements are not met, the Mayor's Office of Housing and Community Development is  
10 hereby authorized to cause an amount equal to the Deposit to be paid to the State of  
11 California.

12 Section 11. The officers and employees of the City and the Director are hereby  
13 authorized and directed, jointly and severally, to do any and all things necessary or advisable  
14 to consummate the receipt of an allocation from CDLAC and otherwise effectuate the  
15 purposes of this Resolution, consistent with the documents cited herein and this Resolution,  
16 and all actions previously taken by such officers and employees with respect to the Project,  
17 consistent with the documents cited herein and this Resolution, including but not limited to the  
18 submission of the application to CDLAC, are hereby ratified and approved.

1 Section 12. 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  
6 City Attorney

7 By:   
8 HEIDI GEWERTZ  
9 Deputy City Attorney  
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**St. Francis of Assisi Senior Community  
Project Overview**

**Project Summary**

St. Francis consists of 110 existing affordable housing units located at 145 Guerrero Street in the City and County of San Francisco. The property was constructed in 1980 as senior housing and consists of approximately 68,867 square feet of gross floor area, including 40,233 square feet of residential area as well as nearly 28,634 square feet of garage, courtyard, and common area. Residents have access to a community room, laundry room, garage, courtyard, and management offices on the ground floor.

The current proposed rehabilitation is substantial. Total project costs, including acquisition costs, total \$48,424,082 or \$440,218 per dwelling unit.

The residential unit distribution, which includes two 2-bedroom managers' units, is:

1 BRs	108 units
2-BRs	2 units

This property is a U.S. Department of Housing and Urban Development (HUD) 202 senior property with 100% project-based Section 8. Per the HUD use agreement, all households must earn no more than 50% of Area Median Income (AMI) and pay no more than 30% of their income for rent. Upon the syndication of this project, a California Tax Credit Allocation Committee (TCAC) regulatory agreement will be recorded and require that, in the event Section 8 is not renewed, 10% of the residential units will serve households at 50% of the TCAC AMI or below and the remaining 90% of the residential units will serve households at 60% of the TCAC AMI or below.

**Description of Residents**

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

**Site Description and Scope of Work**

**Address:** 145 Guerrero Street  
**Block/Lot:** Block 3533, Lot 37

The rehabilitation is anticipated to include replacement of all of the residential windows, lighting upgrades, mechanical ventilation in the units, energy efficiency upgrades, and upgrades of interior unit finishes in some of the units.

Twelve to fourteen months are allocated to rehabilitation of the project. Existing residents will be relocated both on and off site through a Mercy Housing California-led relocation effort.

**Development Team**

**Project Sponsor:** Mercy Housing California  
**General Partner:** Mercy Housing Calwest  
**General Contractor:** Saarman Construction Limited  
**Property Manager:** Mercy Housing Management Group  
**Architect:** Hardison, Komatsu, Ivelich and Tucker

### **Project Ownership Structure**

- This project is being sponsored by Mercy Housing California.
- The existing owner of the project is Francis of Assisi Senior Community, which will transfer the property to the new limited partnership.
- An Investor Member will own a 99.99% member interest in the new owner.
- Any required guaranties will be provided by Mercy Housing California.

### **Financing Structure**

The following sources of capital financing will be utilized:

- tax-exempt bonds issued by the City of San Francisco;
- 4% low income housing tax credits (LIHTC);
- seller carryback financing; and
- a conventional first mortgage loan.

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 4% tax credits. The sale of 4% LIHTC will generate equity financing for the project. The calculation of tax credits utilizes the 30% basis boost as San Francisco County is a "difficult-to-develop" area.

### **Schedule**

Financing is anticipated to close between July 15, 2016 & August 1, 2016, with construction starting within 30 days of closing.

The site rehabilitation work will be over a 12-14 month period, with households temporarily relocated for approximately 3-4 weeks during each phase of the work. All construction work will be completed by December 31, 2017.

**SAN FRANCISCO EXAMINER**

This space for filing stamp only

835 MARKET ST, SAN FRANCISCO, CA 94103  
Telephone (415) 314-1835 / Fax (510) 743-4178

Joan McNamara  
CCSF MAYOR'S OFFICE OF HOUSING  
ONE SOUTH VAN NESS AVE 5TH FLR  
SAN FRANCISCO, CA - 94103-5416

EXM#: 2806106

**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

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:

10/16/2015

Executed on: 10/16/2015  
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 Friday, October 30, 2015, at 10 a.m., in the Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5<sup>th</sup> 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 Fifty Million dollars (\$50,000,000). A portion of the proceeds of the Bonds will be loaned to Mercy Housing California 69, 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 rehabilitation of 110-unit residential rental housing development located at 145 Guerrero 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 Adam Cray, Mayor's Office of Housing and Community Development, at the address indicated above. Date: October 14, 2015  
CITY AND COUNTY OF SAN FRANCISCO  
Olson Lee  
Director, Mayor's Office of Housing and Community Development



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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

**TEFRA Hearing Minutes**

111 Jones Street  
Padre Palou Community (3400 16<sup>th</sup> Street)  
St. Francis of Assisi Community  
1036 Mission Street

San Francisco Mayor's Office of Housing and Community Development  
1 South Van Ness Avenue  
San Francisco, CA 94103

October 30, 2015  
10:00 a.m. - 11:00 a.m.

The hearing was called to order by Adam Cray, Senior Project Manager, San Francisco Mayor's Office of Housing and Community Development ("MOHCD"), at 10:00 a.m. Also in attendance were Sheela Jivan from Mercy Housing California as well as Leah Stockstrom and Chris Cummings, both of Tenderloin Neighborhood Development Center. No residents of the subject projects or other interested parties were 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 projects, the City and County of San Francisco held the TEFRA hearing to provide those interested in discussing the projects the opportunity to comment and ask question.

**2. Comments and Questions from Interested Parties**

As no residents of the subject projects or other interested parties were in attendance, there were no comments or questions.

*The hearing was adjourned at 11:00 a.m.*

## Wong, Linda (BOS)

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**From:** Cray, Adam (MYR)  
**Sent:** Thursday, November 12, 2015 11:59 AM  
**To:** Hayward, Sophie (MYR)  
**Cc:** Wong, Linda (BOS)  
**Subject:** RE: File No. 151134 - Hearing Minutes for 145 Guerrero Street  
**Attachments:** TEFRA Hearing Minutes\_St. Francis, 111 Jones, 1036 Mission\_11-2-15.docx

I've reattached the minutes for the three non-RAD projects; 145 Guerrero is AKA "St. Francis of Assisi Community."

Thanks,  
A-

**Adam F. Cray**  
Senior Project Manager

Mayor's Office of Housing and Community Development  
1 South Van Ness Avenue, 5th Floor  
San Francisco, CA 94103  
adam.cray@sfgov.org  
415-701-5512

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**From:** Hayward, Sophie (MYR)  
**Sent:** Thursday, November 12, 2015 11:54 AM  
**To:** Cray, Adam (MYR)  
**Cc:** Wong, Linda (BOS)  
**Subject:** Fwd: File No. 151134 - Hearing Minutes for 145 Guerrero Street

Hi Adam,  
Can you please send to Linda (cc'd above), the meeting minutes from the 145 Guerrero TEFRA hearing?  
Thanks!  
Sophie

Sent from my iPhone

Begin forwarded message:

**From:** "Wong, Linda (BOS)" <linda.wong@sfgov.org>  
**Date:** November 12, 2015 at 9:39:07 AM HST  
**To:** "Hayward, Sophie (MYR)" <sophie.hayward@sfgov.org>  
**Subject:** File No. 151134 - Hearing Minutes for 145 Guerrero Street

Hi Sophie,

Could you please send me the hearing minutes for 145 Guerrero Street?

Thank you.

Linda Wong  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244  
San Francisco, CA 94102-4689

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 *NCC*  
RE: Multifamily Housing Revenue Bonds - 145 Guerrero Street, San Francisco, California 94103 - Not to Exceed \$50,000,000  
DATE: November 3, 2015

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Attached for introduction to the Board of Supervisors is a 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 \$50,000,000 for 145 Guerrero Street, (San Francisco, California 94103 ); 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 \$50,000,000; 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.

Please note that this item is co-sponsored by Supervisor Wiener.

I respectfully request that this item be calendared in Budget & Finance Committee on November 18, 2015.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.

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SAN FRANCISCO  
OFFICE OF THE MAYOR