

1 [Multifamily Housing Revenue Indebtedness - Not to Exceed \$41,000,000]

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3 **Resolution declaring the intent of the City and County of San Francisco (City) to: 1)**
4 **reimburse certain expenditures from proceeds of future indebtedness; 2) authorizing**
5 **the Director of the Mayor’s Office of Housing (Director) to submit an application and**
6 **related documents to the California Debt Limit Allocations Committee (CDLAC) for an**
7 **allocation of indebtedness (Allocation) in an aggregate principal amount not to exceed**
8 **\$41,000,000 for Hunters View Phase IA; 3) authorizing and directing the Director to**
9 **direct the Controller’s Office to hold in trust an amount not to exceed \$100,000 in**
10 **accordance with CDLAC procedures; 4) authorizing the Director to certify to CDLAC**
11 **that the City has on deposit the required amount; 5) authorizing the Director to pay an**
12 **amount equal to such deposit to the State of California if the City fails to use such**
13 **Allocation; 6) approving, for purposes of the Internal Revenue Code of 1986, as**
14 **amended, the execution and delivery of a mortgage revenue note by the City in an**
15 **aggregate principal amount not to exceed \$41,000,000; 7) authorizing and directing the**
16 **execution of any documents necessary to implement this Resolution; and 8) ratifying**
17 **and approving any action heretofore taken in connection with the Project as defined**
18 **herein and the Application as defined herein.**

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

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, the City has enacted the City and County of San Francisco
4 Residential Mortgage Revenue Bond Law (the "City Law"), constituting Article I of Chapter 43
5 of the San Francisco Administrative Code, in order to establish a procedure for the
6 authorization, issuance and sale of residential mortgage revenue bonds and the execution
7 and delivery of revenue notes by the City for the purpose of providing funds to encourage the
8 availability of adequate housing and home finance for persons and families of low or moderate
9 income, and to develop viable communities by providing decent housing, enhanced living
10 environments, and increased economic opportunities for persons and families of low or
11 moderate income; and,

12 WHEREAS, In addition, pursuant to Division 31 of the Health and Safety Code of the
13 State of California, and particularly Chapter 7 of Part 5 thereof (the "State Law"), the City is
14 empowered to make mortgage loans or otherwise provide funds, including conduit financing,
15 to finance the development of multi-family rental housing including units for lower income
16 households and very low income households; and,

17 WHEREAS, HV Partners 1, L.P., a California limited partnership (the "Developer" or
18 "Borrower"), desires to construct a 107 unit multifamily residential rental housing development
19 for very low income households at 227-229 West Point Road, San Francisco, CA 94124 to be
20 known as Hunters View Phase IA (the "Project"); and,

21 WHEREAS, The Developer has requested that the City assist in the financing of the
22 Project through the execution and delivery of a multifamily housing revenue note (the "Note");
23 and,

24 WHEREAS, The City expects that proceeds of the Note will be used to pay certain
25 costs incurred on and after the date hereof in connection with the Project; and,

1 WHEREAS, The City intends to execute and deliver a Note in an amount not to exceed
2 \$41,000,000 to finance the costs of the Project and to loan the proceeds thereof to the
3 Developer (the "Loan"); and,

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

8 WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Board of
9 Supervisors to declare its reasonable official intent to reimburse prior expenditures for the
10 Project with proceeds of a borrowing; and,

11 WHEREAS, The interest on the Note may qualify for tax exemption under Section 103
12 of the Internal Revenue Code of 1986, as amended (the "Code"), only if the Note is approved
13 in accordance with Section 147(f) of the Code; and,

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

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

17 WHEREAS, On March 13, 2011, the City caused a notice stating that a public hearing
18 with respect to the execution and delivery of the Note would be held by the Mayor's Office of
19 Housing on March 28, 2011, to appear in *The San Francisco Chronicle*, which is a newspaper
20 of general circulation in the City; and,

21 WHEREAS, The Mayor's Office of Housing will hold the public hearing described
22 above on March 28, 2011 and an opportunity will be provided for persons to comment on the
23 execution and delivery of the Note 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 execution and delivery of the
3 Note within the meaning of Section 147(f) of the Code; and,

4 WHEREAS, Section 146 of the Code limits the amount of qualified mortgage revenue
5 indebtedness that may be issued in any calendar year by entities within a state and authorizes
6 the legislature of such state to provide the method of allocating authority to issue qualified
7 mortgage revenue indebtedness 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 indebtedness; 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
15 indebtedness; 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 (but not to exceed \$100,000); now, therefore be
19 it

20 RESOLVED, by the Board of Supervisors of the City and County of San Francisco, as
21 follows:

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

24 Section 2. The Board of Supervisors adopts this Resolution for purposes of
25 establishing compliance with the requirements of Section 1.150-2 of the Treasury

1 Regulations. This Resolution does not bind the Board of Supervisors to execute and deliver
2 the Note, to approve the Loan or to make any expenditure, incur any indebtedness or proceed
3 with the Project.

4 Section 3. The Board of Supervisors hereby declares its official intent under Treasury
5 Regulations Section 1.150-2 and declares its intent to use proceeds of indebtedness to
6 reimburse all future expenditures incurred in connection with the Project. The Board of
7 Supervisors hereby further declares its intent to use such proceeds to reimburse the
8 Developer for actual expenditures made by the Developer on the Project.

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

12 Section 5. The maximum principal amount of debt expected to be incurred for the
13 Project is \$41,000,000.

14 Section 6. This Board of Supervisors, as the applicable elected representative of the
15 governmental unit having jurisdiction over the area in which the Project is located, hereby
16 approves, for purposes of Section 147(f) of the Code, a plan of financing providing for the
17 execution and delivery of the Note or multifamily housing revenue bonds in one or more
18 series, including notes or bonds used to refund such note or bonds in one or more series from
19 time to time, and at no time to exceed \$41,000,000 in aggregate principal amounts
20 outstanding.

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

24 Section 8. The Board of Supervisors hereby authorizes the Director of the Mayor's
25 Office of Housing (the "Director"), on behalf of the City, to submit an application (the

1 "Application"), and such other documents as may be required, to CDLAC pursuant to
2 Government Code Section 8869.85 for an allocation of a portion of the state ceiling for
3 qualified mortgage revenue indebtedness in a principal amount not to exceed \$41,000,000.

4 Section 9. An amount equal to \$100,000 ("Deposit") is hereby authorized to be held on
5 deposit in connection with the Application and the applicable CDLAC procedures, and the
6 Director is authorized to certify to CDLAC that such funds are available; which Deposit shall
7 consist of a restriction on cash in the Hotel Tax Fund established pursuant to Section 515.01
8 of Article 7 of the San Francisco Business and Tax Regulations Code (the "Hotel Tax Fund").

9 Section 10. If the City receives a CDLAC allocation and the applicable issuance
10 requirements are not met, the Mayor's Office of Housing is hereby authorized to cause an
11 amount equal to the Deposit to be paid to the State of California from the Hotel Tax Fund, if
12 required.

13 Section 11. The officers and employees of the City and 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, and all actions previously taken by such officers and employees
17 with respect to the Project, including but not limited to the submission of the application to
18 CDLAC, are hereby ratified and approved.

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

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22 APPROVED AS TO FORM:
23 DENNIS J. HERRERA
24 City Attorney

25 By: _____
Kenneth David Roux
Deputy City Attorney

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