

File No. 091339

Committee Item No. \_\_\_\_\_  
Board Item No. 38

**COMMITTEE/BOARD OF SUPERVISORS**  
AGENDA PACKET CONTENTS LIST

Board of Supervisors Meeting

Date November 24, 2009

**Cmte Board**

- |                          |                                     |  |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/> | x                                   | Resolution                                   |
| <input type="checkbox"/> | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/> | <input type="checkbox"/>            | Legislative Digest                           |
| <input type="checkbox"/> | <input type="checkbox"/>            | Budget Analyst Report                        |
| <input type="checkbox"/> | <input type="checkbox"/>            | Legislative Analyst Report                   |
| <input type="checkbox"/> | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/> | <input type="checkbox"/>            | Introduction Form (for hearings)             |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/> | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/> | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/> | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/> | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/> | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/> | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/> | <input type="checkbox"/>            | Public Correspondence                        |

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

<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Annette Lonich Date November 19, 2009  
Completed by: \_\_\_\_\_ Date \_\_\_\_\_

An asterisked item represents the cover sheet to a document that exceeds 25 pages.  
The complete document is in the file.

82

FILE NO. 091339

RESOLUTION NO.

1 [Issuance and Sale of Revenue Bonds – 178 Townsend Street Housing Project.]

2  
3 **Resolution approving the issuance and sale of tax-exempt bonds by the Association of**  
4 **Bay Area Governments (ABAG) Finance Authority For Nonprofit Corporations in a**  
5 **revised aggregate principal amount not to exceed \$33,000,000 for financing the**  
6 **rehabilitation of a housing project located at 178 Townsend Street, subject to the**  
7 **policies for such approvals adopted by the Board of Supervisors in Ordinance No. 36-**  
8 **07.**

9  
10 WHEREAS, On May 12, 2009, this Board of Supervisors adopted Resolution No. 192-  
11 09 to approve the issuance and sale of tax-exempt bonds by the Association of Bay Area  
12 Governments for Nonprofit Corporations in an aggregate principal amount not to exceed  
13 \$30,000,000 for financing the costs of the rehabilitation of a housing project located at 178  
14 Townsend (the "Project") by 178 Townsend Properties, LLC (the "Borrower"); and,

15 WHEREAS, The Borrower has indicated that due to the loss of a tax equity  
16 contribution, an additional \$3,000,000 will be required to fully fund the Project and that  
17 additional bond allocation will be required; and,

18 WHEREAS, The California Debt Limit Allocation Committee requires that Borrower  
19 obtain approval from this Board of Supervisors for the additional bond allocation amount of  
20 \$33,000,000; and,

21 WHEREAS, ABAG Finance Authority For Nonprofit Corporations (the "Authority"),  
22 proposes to issue multifamily housing revenue bonds (the "Bonds") in the revised amount not  
23 to exceed \$33,000,000 and to lend the proceeds thereof to the Borrower, to be used for the  
24 costs of the rehabilitation by the Borrower of a 94-unit apartment project known as the 178  
25 Townsend (referred to herein as the "Project") located at 178 Townsend Street in the City and

1 County of San Francisco, California (the "City"), all to be owned and operated by the Borrower  
2 or an entity related thereto or a partner thereof; and,

3 WHEREAS, The issuance and delivery of the Bonds shall be subject to the approval of  
4 and execution by the Authority of all financing documents relating thereto to which the  
5 Authority is a party and subject to the sale of the Bonds by the Authority; and,

6 WHEREAS, The issuance and delivery of the Bonds as tax-exempt obligations shall  
7 also be subject to the approval of the California Debt Limit Allocation Committee ("CDLAC");  
8 and,

9 WHEREAS, The Project is located wholly within the City and County of San Francisco  
10 (the "City"); and,

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

14 WHEREAS, The Board of Supervisors of the City (the "Board") or the Mayor of the City  
15 is required to approve the issue within the meaning of Section 147(f) of the Code; and,

16 WHEREAS, On November 10, 2009, the Borrower caused a notice to appear in the  
17 *San Francisco Chronicle*, which is a newspaper of general circulation in the City, stating that a  
18 public hearing with respect to the issuance of the Bonds would be held by the Mayor's Office  
19 of Housing on November 24, 2009; and,

20 WHEREAS, The Mayor's Office of Housing will hold the public hearing described  
21 above on November 24, 2009, and an opportunity will be provided for citizens to comment on  
22 the issuance and sale of the Bonds and the plan of financing for the Project; and,

23 WHEREAS, The Authority requires that the City adopt a resolution approving the  
24 issuance and sale of the Bonds; and,  
25

1           WHEREAS, In Ordinance No. 36-07 (the "TEFRA Policy Ordinance"), the Board  
2 adopted a set of policies relating to the approval of bonds under Section 147(f) of the Code,  
3 also known as a "TEFRA Approval"; and,

4           WHEREAS, City staff has engaged the Issuer and the Borrower in negotiations  
5 regarding the satisfaction of the requirements of the TEFRA Policy Ordinance for purposes of  
6 this resolution; and,

7           WHEREAS, If and when the Bonds are issued, the Issuer and the Borrower have  
8 agreed that the Bond documents will require the Project to meet certain affordability  
9 requirements for at least 55 years, irrespective of the final maturity date of the Bonds,  
10 including (i) a provision that annual rent increases for affordable units will be limited to the  
11 percentage change in area median income for such years as such amount is determined by  
12 HUD. In the event that HUD does not make such a determination such amount shall be  
13 determined by the Mayor's Office of Housing; and,

14           WHEREAS, As required by the TEFRA Policy Ordinance, if and when the Bonds are  
15 issued, the Bond regulatory agreement will require the Borrower to comply with the following  
16 City policies: Local Disadvantaged Business Enterprise Subcontracting and Jobs Program;  
17 Non-Discrimination in Contracts and Equal Benefits Policy; Minimum Compensation Policy;  
18 Health Care Accountability Policy; and Prevailing Wage Policy (collectively, the "City  
19 Contracting Requirements"); and,

20           WHEREAS, The City is charged with monitoring compliance with and enforcing such  
21 City Contracting Requirements, and is aware of its responsibility in this regard; and,

22           WHEREAS, A description of the expected ownership and management structure of the  
23 Project after issuance in the form required by the TEFRA Policy Ordinance is on file with the  
24 Clerk of the Board of Supervisors in File No. 091339, which is hereby declared to  
25 be a part of this resolution as if set forth fully herein; and,

1           WHEREAS, The Borrower has agreed to reimburse the City for staff time relating to  
2 this Resolution and the satisfaction of the agreements set forth in this Resolution; and,

3           WHEREAS, As reflected in the letter on file with the Clerk of the Board of Supervisors  
4 in File No. 091339, which is hereby declared to be a part of this resolution as if set  
5 forth fully herein, the Director of the Mayor's Office of Housing recommends passage of this  
6 Resolution; and, now, therefore be it

7           RESOLVED, That this Board hereby finds and declares the above recitals are true and  
8 correct; and, be it

9           FURTHER RESOLVED, That this Board hereby approves the issuance and sale of the  
10 Bonds with respect to the Project by the Authority; and, be it

11           FURTHER RESOLVED, That the approval of the issuance and sale of the Bonds by  
12 the Authority is neither an approval of the underlying credit issues of the proposed Project nor  
13 an approval of the financial structure of the Bonds; and, be it

14           FURTHER RESOLVED, That the Bonds shall not constitute a debt or obligation of the  
15 City and the payment of the principal, prepayment premium, if any, and purchase price of and  
16 interest on the Bonds shall be solely the responsibility of Borrower; and, be it

17           FURTHER RESOLVED, The adoption of this Resolution shall not obligate (i) the City to  
18 provide financing to the Borrower for the acquisition, rehabilitation and development of the  
19 Project or to issue the Bonds for purposes of such financing; or (ii) the City, or any department  
20 of the City, to approve any application or request for, or take any other action in connection  
21 with, any environmental, General Plan, zoning or any other permit or other action necessary  
22 for the acquisition, rehabilitation, development or operation of the Project; and, be it

23           FURTHER RESOLVED, That in accordance with the TEFRA Policy Ordinance this  
24 approval is conditioned on the incorporation of the agreements by the Borrower referenced in  
25







MAYOR'S OFFICE OF HOUSING  
CITY AND COUNTY OF SAN FRANCISCO



GAVIN NEWSOM  
MAYOR

DOUGLAS SHOEMAKER  
DIRECTOR

Honorable Chris Daly  
City and County of San Francisco  
Board of Supervisors  
City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

November 16, 2009

SUBJ: Resolution approving the issuance and sale of tax-exempt bonds by the ABAG Finance Authority in the amount of \$33,000,000 to finance the adaptive rehabilitation of 178 Townsend into 94 units of housing.

With this letter, I am submitting to you for introduction at the Board of Supervisors meeting on, Tuesday, November 17, 2009, a resolution I recommend for passage regarding qualified mortgage revenue bonds for the proposed 94-unit residential development located at 178 Townsend. The Project is sponsored by 178 Townsend Properties LLC, ("Sponsor"), a single asset corporation with Patrick McNerney as president of the corporation. The Sponsor is proposing to adaptively rehabilitate the building to create housing units, with 80% of the units at market-rate rents and 20% of the units at affordable rents of 50% area median.

On May 12, 2009, the BOS approved the issuance and sale of \$30 million in tax-exempt bond financing by ABAG to fund the adaptive rehabilitation of the building, which when completed will consist of a variety of multi-bedroom units including studio, one, two and three bedroom apartments. Current estimates of the total development costs reveal that additional bond allocation will be required in order to fully fund the project. This request before you is to secure approval of a total bond allocation amount of \$33 million.

In order to meet the deadline for submitting the Issuance resolution to the California Debt Limit Allocation Committee (CDLAC) and close the bond allocation, the Board of Supervisors must *finally pass* the resolution by **November 24, 2009**.

The attached resolution has been approved as-to-form by Deputy City Attorney Mark Blake. I am enclosing a brief description of the project for your review.

If you have any questions about the resolution or the project, please contact Joan McNamara at 701-5532.

Sincerely,

A handwritten signature in black ink, appearing to read "Craig Adelman".

Craig Adelman  
Deputy Director

**INTRODUCTION FORM**

By a member of the Board of Supervisors or the Mayor

RECEIVED  
BOARD OF SUPERVISORS  
SANTA ANITA

2:05 NOV 17 PM 2:18

157 Time Stamp or Meeting Date RC

I hereby submit the following item for introduction:

- 1. For reference to Committee:  
          An ordinance, resolution, motion, or charter amendment.
- X   2. Request for next printed agenda without reference to Committee
- 3. Request for Committee hearing on a subject matter.
- 4. Request for letter beginning "Supervisor        inquires...".
- 5. City Attorney request.
- 6. Call file from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation
- 9. Request for Closed Session
- 10. Board to Sit as A Committee of the Whole

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

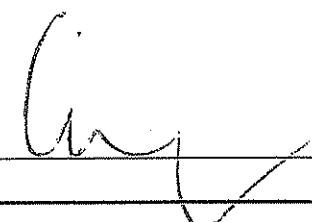
- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a different form.]

Sponsor(s): Supervisor Chris Daly

SUBJECT: Resolution approving the issuance and sale of tax-exempt bonds by the ABAG Finance Authority in the amount of \$33,000,000 to finance the adaptive rehabilitation of 178 Townsend into 94 units of housing

Text is attached.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

091339