

File No. 220765

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee Date July 20, 2022

Board of Supervisors Meeting Date _____

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- Project Description _____
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Completed by: Brent Jalipa Date July 14, 2022

Completed by: Brent Jalipa Date _____

1 [Multifamily Housing Revenue Bonds - 11 Innes Court (Hunters Point Shipyard Block 56) - Not
2 to Exceed \$51,193,200]

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 \$51,193,200; 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 \$51,193,200 for 11 Innes Court (Hunters**
10 **Point Shipyard Block 56); authorizing and directing the Director to direct the**
11 **Controller’s Office to hold in trust an amount not to exceed \$100,000 in accordance**
12 **with CDLAC procedures; authorizing the Director to certify to CDLAC that the City has**
13 **on deposit the required amount; authorizing the Director to pay an amount equal to**
14 **such deposit to the State of California if the City fails to issue the residential mortgage**
15 **revenue bonds; authorizing and directing the execution of any documents necessary to**
16 **implement this Resolution, as defined herein; and ratifying and approving any action**
17 **heretofore taken in connection with the Project, as defined herein, and the Application,**
18 **as defined herein.**

19
20 WHEREAS, The Board of Supervisors of the City and County of San Francisco (“Board
21 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 (“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

1 City to assist in the financing of multi-family rental housing units; and

2 WHEREAS, Acting under and pursuant to the powers reserved to the City under
3 Sections 3, 5, and 7 of Article XI of the Constitution of the State of California and Sections
4 1.101 and 9.107 of the Charter of the City and County of San Francisco, the City has enacted
5 the City and County of San Francisco Residential Mortgage Revenue Bond Law (“City Law”),
6 constituting Article I of Chapter 43 of the San Francisco Administrative Code, in order to
7 establish a procedure for the authorization, issuance and sale of residential mortgage revenue
8 bonds by the City for the purpose of providing funds to encourage the availability of adequate
9 housing and home finance for persons and families of low or moderate income, and to
10 develop viable communities by providing decent housing, enhanced living environments, and
11 increased economic opportunities for persons and families of low or 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 (“State Law”), the City is
14 empowered to issue and sell bonds for the purpose of making mortgage loans or otherwise
15 providing funds to finance the development and/or rehabilitation of multi-family rental housing
16 including units for lower income households and very low income households; and

17 WHEREAS, Hunters Point Block 56, LP, a California limited partnership (or an affiliate
18 thereof or successor thereto) (the “Borrower”) desires to construct a 73-unit affordable
19 residential rental housing development located at 11 Innes Court (“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 \$51,193,200 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 such applicant has on deposit an amount equal to one-half of one
2 percent (0.5%) of the amount of allocation requested not to exceed \$100,000; now, therefore,
3 be it

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

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

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

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

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

21 Section 5. The maximum principal amount of debt expected to be issued for the Project
22 is \$51,193,200.

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

25 Section 7. The Board of Supervisors hereby authorizes the Director of the Mayor's

1 Office of Housing and Community Development, including any acting or interim director, or
2 such person’s designee (“Director”), on behalf of the City, to submit an application
3 (“Application”), and such other documents as may be required, to CDLAC pursuant to
4 Government Code Section 8869.85 for an allocation for the Project of a portion of the state
5 ceiling for private activity bonds in a principal amount not to exceed \$51,193,200.

6 Section 8. An amount equal to one-half of one percent (0.5%) of the amount of the
7 CDLAC allocation requested for the Project, not to exceed \$100,000 (“Deposit”), is hereby
8 authorized to be held on deposit in connection with the Application and the applicable CDLAC
9 procedures, and the Director is authorized to certify to CDLAC that such funds are available.

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

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

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

5

6 APPROVED AS TO FORM:
7 DAVID CHIU
8 City Attorney

8

9 By: /s/KENNETH DAVID ROUX
10 KENNETH DAVID ROUX
11 Deputy City Attorney
12 n:\financ\as2022\2200042\01608097.docx

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Project Description
Multifamily Securities Program
City and County of San Francisco

Hunters Point Shipyard Block 56

Overview

The funds described in the “Financing Structure” section below will be used to finance the development of Hunters Point Shipyard Block 56, a 73-unit affordable multifamily housing project to be located at 11 Innes Court, 94124, in the City and County of San Francisco (the “Project”).

Upon completion, the Project will include approximately 92,553 square feet of gross floor area, comprised of 58,357 square feet of residential area and 34,196 square feet of non-residential area including offices, common amenities, circulation, utility/storage, parking, and the courtyard.

Total project costs, including the cost to acquire the land and construct the new building, will be approximately \$\$67,513,066 or \$924,837 per dwelling unit.

The residential unit distribution, which will include one 2-bedroom superintendent/manager unit, is:

<u>Unit type</u>	<u>Number of units</u>
Studio	4
1-Bedroom	18
2-Bedroom	32
3-Bedroom	16
4-Bedroom	2
5-Bedroom	1

100 percent of the residential units will serve households earning less than 50 percent of the San Francisco County Area Median Income (AMI).

Residents

No residents will be displaced as the site does not currently have any residential uses. OCII currently leases the site for use by the Master Developer to maintain a modular sales center building (the “Welcome Center”) for marketing for-sale residential units in the Hunters Point Shipyard. Pursuant to this lease, the tenant has acknowledged that it is not entitled to rights, benefits or privileges under the California Relocation Assistance Law, California Government Code Section 7260 et seq., or the Uniform Relocation Assistance and Real Property Acquisition Policies Act, 42 U.S.C. Section 4601 et seq., or under any similar law, statute, or ordinance. Therefore, no relocation benefits apply to the current commercial uses of the Site.

Site Description and Scope of Work

Address: 11 Innes Court, San Francisco, CA, 94124
Block/Lot: Lot 217; Block 4591C

Property amenities will include:

- Community room & kitchen with a large food pantry storage space

- A 7,550 sq ft landscaped courtyard with a multi-surface play area, picnic area, and seating
- First floor services and management offices
- 1 flex/small conference room
- Laundry room
- 1 Family daycare unit
- 1 Manager's unit
- 46 car parking spaces
- 10 moped/motorcycle spaces
- 73 secure indoor bicycle parking spaces
- All electric building with a significant solar array
- In-unit air conditioning

Development and Management Team

Project Sponsors:	Mercy Housing California San Francisco Housing Development Corporation
General Contractor:	Nibbi Brothers General Contractors/Baines Group JV
Architect of Record:	Van Meter Williams Pollack LLP
Property Manager:	Mercy Housing Management Group

Project Ownership Structure

Borrower Entity:	Hunters Point Block 56, L.P.
Managing General Partner:	Mercy HPSY Block 56 LLC
Co-General Partner:	SFHDC HPSY Block 56 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);
- Federal Home Loan Bank of San Francisco's Affordable Housing Program;
- general partner equity;
- soft debt from the Office of Community Investment and Infrastructure.

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 between March 6, 2023 and April 6, 2022, with construction commencing within 30 days closing. All construction is scheduled to be completed by October 31, 2024.

Narrative Description of Project Sponsor Experience

Mercy Housing California (MHC) is the developer for Hunters Point Shipyard Block 56. MHC was incorporated in 1988 as the California affiliate of Mercy Housing, Inc (MHI) and is one of the largest affordable housing developers in California in terms of staff, capacity, annual budget, and units controlled, providing affordable homes and services to people in need, touching more than 19,600 lives every day. The mission of Mercy Housing is to create stable, vibrant, and healthy communities by developing, financing and operating affordable, program-enriched housing for families, seniors and people with special needs who lack the economic resources to access quality, safe housing opportunities. MHC owns and operates 10,413 affordable homes across 152 properties located throughout California, with 57% of our properties located in the Bay Area. MHC's portfolio consists of 51% family, 33% senior and 16% supportive housing (individuals with special needs, including homeless veterans, former foster children, people living with HIV/AIDS and mental health challenges). The median annual income for a Mercy Housing California family household is \$17,000, compared to a median income of \$82,000 for California households generally. For residents in our senior and special needs housing, the median household income is just \$11,000 annually-- half the median annual income for all seniors in California. Our portfolio spans across the continuum of housing development including rental and for-sale, new construction and rehab, and single-family and multi-family products. We serve families, seniors, the disabled, and individuals with special needs—i.e., formerly homeless, people living with HIV/AIDS, and the developmentally disabled.

San Francisco Housing Development Corporation (SFHDC) is the co-developer and proposed service provider for the QIP. SFHDC has successfully developed affordable homes in San Francisco's Bayview-Hunters Point and Fillmore/Western Addition neighborhoods since 1988. With nearly 800 completed homes and a total of 1,200 units in development, SFHDC has been life changing for people struggling to afford the increasing rent in their communities. Most recently SFHDC completed 455 Fell, 108 units of family housing, in partnership with Mercy Housing California.



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 220765

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Elizabeth Colomello	415-749-2488
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
CII Office of Community Inv. and Inf.	Elizabeth.colomello@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR MHC and SFHDC	TELEPHONE NUMBER 415-355-7160
STREET ADDRESS (including City, State and Zip Code) 1256 Market Street	EMAIL Fiona.Ruddy@mercyhousing.org

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 220765
DESCRIPTION OF AMOUNT OF CONTRACT \$51,193,200		
NATURE OF THE CONTRACT (Please describe) Bond Financing for for 11 Innes Court 73-unit Affordable Housing Project. Developed by a joint partnership involving Mercy Housing California (MHC) and San Francisco Housing Development Corporation (SFHDC).		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Shoemaker	Doug	Other Principal Officer
2	Tuvilla	Alvin	Other Principal Officer
3	Gualco	Barbara	Other Principal Officer
4	Saab	Bruce	Other Principal Officer
5	Holder	Ed	Other Principal Officer
6	Villablanca	Erika	Other Principal Officer
7	Lew-Hailer	Lillian	COO
8	Clayton	Melissa	Other Principal Officer
9	Dare	Ramie	Other Principal Officer
10	Ciraulo	Rich	Other Principal Officer
11	Sprague	Rick	Other Principal Officer
12	Daues	Stephan	Other Principal Officer
13	Dunn	Tim	Other Principal Officer
14	Bayley	Amy	Other Principal Officer
15	Payne	Chad	Other Principal Officer
16	Rosenblum	Joe	Other Principal Officer
17	Brandt	Julie	Board of Directors
18	Hughes	Phyllis	Board of Directors
19	Pavao	William	Board of Directors

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Cox	Bradley	Board of Directors
21	Jamason	Ellen	Board of Directors
22	Rodriguez	Guillermo	Board of Directors
23	Fernandez Smith	Kay	Board of Directors
24	Lee	Christopher	Board of Directors
25	Ruggiero	Janet	Board of Directors
26	Garcia	Christina	Board of Directors
27	Levine	David	Board of Directors
28	Mersey	Ezra	Board of Directors
29	Hayner	Jamarah	Board of Directors
30	Saez	Miriam	Board of Directors
31	Soni	S. Monica	Board of Directors
32	Sobel	David	CEO
33	Mehta	Nimish	CFO
34	Robinson	Lena	Board of Directors
35	Wong	Daniel	Board of Directors
36	Golvin	Ben	Board of Directors
37	McGill	Antoinette	Board of Directors
38	Beiro	Noreen	Board of Directors

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
39	Turner	Chuck	Board of Directors
40	Vincent	Dorris	Board of Directors
41	walker	Eddie	Board of Directors
42	Eskildsen	Jennifer	Board of Directors
43			
44			
45			
46			
47			
48			
49			
50			

Check this box if you need to include additional names. Please submit a separate form with complete information. Select “Supplemental” for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

<p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p>	<p>DATE SIGNED</p>
---	---------------------------

From: [Conine-Nakano, Susanna \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#); [ROUX, KENNETH \(CAT\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [Nickolopoulos, Sheila \(MYR\)](#); [Geithman, Kyra \(MYR\)](#); [Gluckstein, Lisa \(MYR\)](#); [Gee, Natalie \(BOS\)](#)
Subject: Mayor -- Resolution -- 11 Innes Court
Date: Tuesday, June 28, 2022 4:41:25 PM
Attachments: [Mayor -- Resolution -- 11 Innes Court.zip](#)

Hello Clerks,

Attached for introduction to the Board of Supervisors is a Resolution declaring the intent of the City and County of San Francisco (“City”) to reimburse certain expenditures from proceeds of future bonded indebtedness in an aggregate principal amount not to exceed \$51,193,200; authorizing the Director of the Mayor’s Office of Housing and Community Development (“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 \$51,193,200 for 11 Innes Court (San Francisco, California 94124); 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; 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.

[@ROUX, KENNETH \(CAT\)](#), can you please reply-all to confirm your approval? Thanks!

Please note that Supervisor Walton is a co-sponsor of this legislation.

Please let me know if you have any questions.

Best,

Susanna

Susanna Conine-Nakano
Office of Mayor London N. Breed
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 200
San Francisco, CA 94102
415-554-6147