

File No. 180811

Committee Item No. 10

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

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date September 4, 2018

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

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- Legislative Digest
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- Introduction Form
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- Grant Information Form
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- 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 August 29, 2018

Completed by: Linda Wong

Date \_\_\_\_\_

1 [Multifamily Housing Revenue Bonds - 1045 Capp Street (Abel Gonzales Apartments) - Not to  
2 Exceed \$20,000,000]

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;**  
5 **authorizing the Director of the Mayor's Office of Housing and Community Development**  
6 **("Director") to submit an application and related documents to the California Debt Limit**  
7 **Allocation Committee ("CDLAC") to permit the issuance of residential mortgage**  
8 **revenue bonds in an aggregate principal amount not to exceed \$20,000,000 for 1045**  
9 **Capp Street (Abel Gonzales Apartments ); authorizing and directing the Director to**  
10 **direct the Controller's Office to hold in trust an amount not to exceed \$100,000 in**  
11 **accordance with CDLAC procedures; authorizing the Director to certify to CDLAC that**  
12 **the City has on deposit the required amount; authorizing the Director to pay an amount**  
13 **equal to such deposit to the State of California if the City fails to issue the residential**  
14 **mortgage revenue bonds; approving, for purposes of the Internal Revenue Code of**  
15 **1986, as amended, the issuance and sale of residential mortgage revenue bonds by the**  
16 **City in an aggregate principal amount not to exceed \$20,000,000; authorizing and**  
17 **directing the execution of any documents necessary to implement this Resolution; and**  
18 **ratifying and approving any action heretofore taken in connection with the Project, as**  
19 **defined herein, and the Application, as defined herein.**

20  
21  
22 WHEREAS, The Board of Supervisors of the City and County of San Francisco ("Board  
23 of Supervisors"), after careful study and consideration, has determined that there is a  
24 shortage of safe and sanitary housing within the City and County of San Francisco ("City"),  
25 particularly for low and moderate income persons, and that it is in the best interest of the

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

18 WHEREAS, Mission Housing Development Corporation, a California non-profit public  
19 benefit corporation ("MHDC") (or any limited partnership or other entity created or controlled in  
20 whole or in part by MHDC or an affiliate of MHDC, the "Developer"), desires to acquire and  
21 rehabilitate a 30-unit affordable residential rental housing development located at 1045 Capp  
22 Street, San Francisco, California 94110 ("Project"); and

23 WHEREAS, The Developer has requested that the City assist in the financing of the  
24 Project through the issuance of one or more series of tax-exempt mortgage revenue bonds  
25 ("Bonds"); and

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 \$20,000,000 and to loan the proceeds of the Bonds to the Developer ("Loan") to finance the  
5 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 ("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 July 29, 2018, 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 on August 10, 2018, to appear in *The San Francisco Examiner*,  
24 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 August 10, 2018, and an opportunity was provided for  
3 persons to comment on the issuance of the Bonds and the Project; and

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

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

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

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

19           WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to  
20 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent  
21 (0.5%) of the amount of allocation requested not to exceed \$100,000; now, therefore, be it

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

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

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

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

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

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

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

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

22           Section 8. The Board of Supervisors hereby authorizes the Director of the Mayor's  
23 Office of Housing and Community Development, including any acting or interim director, or  
24 such person's designee ("Director"), on behalf of the City, to submit an application  
25 ("Application"), and such other documents as may be required, to CDLAC pursuant to

1 Government Code, Section 8869.85, for an allocation for the Project of a portion of the state  
2 ceiling for private activity bonds in a principal amount not to exceed \$20,000,000.

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

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

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

18 ///

19 ///

20 ///

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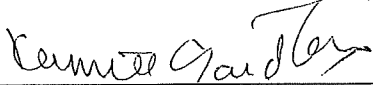
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Section 12. This Resolution shall take effect from and after its adoption by the Board  
and approval by the Mayor.

APPROVED AS TO FORM:  
DENNIS J. HERRERA  
City Attorney

By:   
KENNETH DAVID ROUX  
Deputy City Attorney  
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**Project Description**  
Multifamily Securities Program  
City and County of San Francisco

*Abel Gonzalez Apartments*

**Overview**

The funds described in the “Financing Structure” section below will be used to finance the acquisition and rehabilitation of Abel Gonzalez Apartments, a 30-unit affordable senior housing project located at 1045 Capp Street in the City and County of San Francisco (the “Project”).

Following rehabilitation, the Project will include approximately 24,489 square feet of gross floor area, comprised of 24,489 square feet of residential area.

Total project costs, including the cost to acquire the land and rehabilitate existing buildings, will be approximately \$26,423,310, or \$880,770 per dwelling unit.

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

<u>Unit type</u>	<u>Number of units</u>
Studio	9
1-Bedroom	21
2-Bedroom	0
3-Bedroom	0
4-Bedroom	0

All of the Project’s residential units will serve senior households earning less than 50 percent of the San Francisco County Area Median Income (“AMI”).

**Residents**

No residents will be permanently displaced as a result of rehabilitation activities. All residents will have the right to return after any temporary relocation that might be required.

**Site Description and Scope of Work**

Address: 1045 Capp Street, San Francisco, CA 94110  
Block/Lot: 6527/046

The scope of work for the rehabilitation will include:

- building envelope improvements,
- new windows,
- roof replacement,
- energy efficiency and green building upgrades,
- unit and common area refurbishments, and
- accessibility improvements.

### **Development and Management Team**

Project Sponsor: Mission Housing Development Corporation  
General Contractor: TBD  
Architect of Record: TBD  
Property Manager: Caritas Management Corporation

### **Project Ownership Structure**

Borrower Entity: Limited partnership, to be formed  
Managing General Partner: Mission Housing Development Corporation

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"),
- seller carryback financing from Mission Housing Development Corporation;
- a conventional first mortgage; and
- a 20-year housing assistance payment contract from the U.S. Department of Housing and Urban Development.

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 in March 2019, with construction commencing within 7 days closing. All construction is scheduled to be completed by March 31, 2020.

Tenants are expected to be temporarily relocated for approximately two weeks during each phase of the rehabilitation.

# CALIFORNIA NEWSPAPER SERVICE BUREAU

## DAILY JOURNAL CORPORATION

Mailing Address : 915 E FIRST ST, LOS ANGELES, CA 90012  
Telephone (800) 788-7840 / Fax (800) 464-2839  
Visit us @ [www.LegalAdstore.com](http://www.LegalAdstore.com)

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

### COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE  
Ad Description ABEL GONZALES TEFRA AD

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO EXAMINER. Thank you for using our newspaper. Please read this notice carefully and call us with any corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

07/27/2018

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an invoice.

EXM# 3157908

#### NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on Friday, August 10, 2018, at 10:30 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 twenty million dollars (\$20,000,000). The proceeds of the Bonds will be loaned to Mission Housing Development Corporation (the "Sponsor"), or a limited partnership or other entity to be created by the Sponsor or an affiliate of the Sponsor (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 acquisition and rehabilitation of approximately 30 units of residential rental housing for low-income seniors located at 1045 Capp Street, San Francisco, California, 94110 (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: July 27, 2018  
CITY AND COUNTY OF SAN FRANCISCO  
Kate Hartley, Director  
Mayor's Office of Housing and Community Development



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Print Form

# Introduction Form

By a Member of the Board of Supervisors or Mayor

BOARD OF SUPERVISORS  
SAN FRANCISCO

2011 JUL 27 PM 3:05  
Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [ ] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Topic submitted for Mayoral Appearance before the BOS on [ ]

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 the Imperative Form.**

Sponsor(s):

Ronen

Subject:

[Multifamily Housing Revenue Bonds - 1045 Capp Street, San Francisco, California 94110 (Abel Gonzales Apartments) - Not to Exceed \$20,000,000]

The text is listed:

Resolution 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 \$76,000,000; 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.

Signature of Sponsoring Supervisor:

*Will Ronen*

For Clerk's Use Only

**FORM SFEC-126:  
NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s):  <b>Members, Board of Supervisors</b>	City elective office(s) held:  <b>Members, Board of Supervisors</b>

<b>Contractor Information</b> <i>(Please print clearly.)</i>
Name of contractor:  <b>Mission Housing Development Corporation</b>

*Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.*

The borrower entity for the Abel Gonzales Apartments project will be a limited partnership controlled primarily by Mission Housing Development Corporation.

Please see the lists below in response to Items (1) and (2).

<b>Board of Directors</b>	Joshua Arce Eddie Ahn Pete Gallegos Irving Gonzales Jon Layman Toby Levine Rhosie Tolentino F. Gomez-Benitez Marisela Esparza Shirley Wang
<b>Executive Director</b>	Sam Moss
<b>Chief Financial Officer</b>	N/A
<b>Chief Operating Officer</b>	N/A

Items (3), (4), and (5) do not apply to Mission Housing Development Corporation.

Contractor address:  <b>474 Valencia Street, Suite 280 San Francisco, CA 94103</b>
--

Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contracts:  <b>Not to exceed \$20,000,000</b>
---	---

Describe the nature of the contract that was approved:  <b>The contract constitutes a resolution (1) authorizing for the purpose of U.S. Treasury Regulations the tax-exempt multifamily housing revenue bonds that will be issued to finance the acquisition and rehabilitation of an affordable housing project located at 1045 Capp Street in San Francisco (the "Project") and (2) approving the notice and public hearing process conducted pursuant to the federal Tax Equity and Financial Responsibility Act in connection with the Project. The resulting obligations will be conduit debt with no recourse to the City's general fund.</b>
--

Comments:

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: **San Francisco Board of Supervisors**  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

**Filer Information** *(Please print clearly.)*

Name of filer:

**Angela Calvillo, Clerk of the Board**

Contact telephone number:

**(415) 554-5184**

Address:

**City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102**

E-mail:

**Board.of.Supervisors@sfgov.org**

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed