

1 [Issuance and Sale of Revenue Bonds – Aspen South Hills.]

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3 **Resolution approving the issuance and sale of tax-exempt bonds by the Association of**
4 **Bay Area Governments in an aggregate principal amount not to exceed \$4,500,000 for**
5 **financing the acquisition and rehabilitation of Aspen South Hills, subject to the policies**
6 **for such approvals adopted by the Board of Supervisors in Ordinance No. 36-07.**

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8 WHEREAS, ABAG Finance Authority for Nonprofit Corporations (the "Authority"),
9 proposes to issue multifamily housing revenue bonds (the "Bonds") in an amount not to
10 exceed \$4,500,000 and to lend the proceeds thereof to Reardon Heights Associates, L.P. (the
11 "Borrower"), to be used for the acquisition and rehabilitation by the Borrower of an 82-unit
12 apartment project known as the Aspen South Hills (the "Project") located at 50 Reardon Road
13 in the City and County of San Francisco, California (the "City"), all to be owned and operated
14 by the Borrower or an entity related thereto or a partner thereof; and,

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

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

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

23 WHEREAS, The interest on the Bonds may qualify for tax exemption under Section
24 103 of the Internal Revenue Code of 1986, as amended (the "Code") only if the Bonds are
25 approved in accordance with Section 147(f) of the Code; and,

1 WHEREAS, The Board of Supervisors of the City (the "Board") is the elected legislative
2 body of the City and is one of the applicable elected representatives required to approve the
3 issue within the meaning of Section 147(f) of the Code; and,

4 WHEREAS, The Authority has requested the Board to approve the issuance and sale
5 of the Bonds in order to satisfy the public approval requirements of Section 147(f) of the Code;
6 and,

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

10 WHEREAS, City and San Francisco Redevelopment Agency ("Redevelopment
11 Agency") staff have engaged the Issuer and the Borrower in negotiations regarding the
12 satisfaction of the requirements of the TEFRA Policy Ordinance for purposes of this
13 resolution; and,

14 WHEREAS, If and when the Bonds are issued, the Issuer and the Borrower have
15 agreed that the Bond documents will require the Project to meet certain affordability
16 requirements for 55 years, irrespective of the final maturity date of the Bonds, including (i) a
17 provision that 80% of the units upon turnover shall be restricted to tenants with incomes at or
18 below 60% of area median income as defined by HUD for San Francisco ("HMSA"), adjusted
19 for high housing costs, and (ii) a provision that 20% of the units upon turnover shall be
20 restricted to tenants with incomes at or below 50% of area median income as defined by HUD
21 for San Francisco ("HMSA"), unadjusted for high housing costs, as derived from HUD
22 information and published by the Mayor's Office of Housing each year; and,

23 WHEREAS, As required by the TEFRA Policy Ordinance and subject to applicable
24 HUD and state regulations, the Issuer and the Borrower have agreed that the Bond
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1 documents will require that any rent increase in any one year for an existing tenant of the
2 Project shall not exceed such tenant's prior rent adjusted by the total annual percentage
3 increase in median income for each year between Bond issuance and such year; and,

4 WHEREAS, For purposes of the preceding sentence, a tenant's prior rent is equal to
5 such tenant's rent during the year immediately preceding the issuance of the Bonds; and,

6 WHEREAS, As required by the TEFRA Policy Ordinance, if and when the Bonds are
7 issued, the Bond regulatory agreement will include a further covenant, subject to applicable
8 HUD and state regulations, that no tenant as of the date of Bond issuance will be evicted due
9 to the financing based solely on any such tenant's failure to meet a financing-related income
10 standard at the time of bond issuance or at any time during the term of the affordability
11 restrictions; and,

12 WHEREAS, As required by the TEFRA Policy Ordinance for housing projects located
13 within a redevelopment project area, if and when the Bonds are issued, the Bond regulatory
14 agreement will require the Borrower to comply with the following empowerment and
15 contracting policies of the Redevelopment Agency: Small Business Enterprise Agreement;
16 Non-Discrimination in Contracts and Benefits Policy; Minimum Compensation Policy; Health
17 Care Accountability Policy; Prevailing Wage Policy; and the Employment and Contracting
18 Policy (collectively, the "Redevelopment Agency Contracting Requirements"); and,

19 WHEREAS, The Redevelopment Agency is the City agency charged with monitoring
20 compliance with and enforcing such Redevelopment Agency Contracting Requirements, and
21 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
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1 Clerk of the Board of Supervisors in File No. , which is hereby declared to be a part of this
2 resolution as if set forth fully herein; and,

3 WHEREAS, As set forth in the letter from the Borrower on file with the Clerk of the
4 Board of Supervisors in File No. , which is hereby declared to be a part of this resolution as
5 if set forth fully herein, notice of the proposed bond financing and the public hearing
6 referenced below has been delivered via mail to all tenants at the Project and posted at the
7 Project location; and,

8 WHEREAS, The Borrower has agreed to reimburse the City and the Redevelopment
9 Agency for staff time relating to this Resolution and the satisfaction of the agreements set
10 forth in this Resolution; and,

11 WHEREAS, As reflected in the letter on file with the Clerk of the Board of Supervisors
12 in File No. , which is hereby declared to be a part of this resolution as if set forth fully
13 herein, the Director of the Mayor's Office of Housing recommends passage of this Resolution;
14 and,

15 WHEREAS, On January 28, 2008, the Borrower caused a notice to appear in the *San*
16 *Francisco Examiner*, which is a newspaper of general circulation in the City, stating that a
17 public hearing with respect to the issuance of the Bonds would be held by the Mayor's Office
18 of Housing on February 11, 2008; and

19 WHEREAS, The Mayor's Office of Housing held the public hearing described above on
20 February 11, 2008, and an opportunity was provided for persons to comment on the issuance
21 and sale of the Bonds and the plan of financing for the Project; now, therefore be it

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

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

3 FURTHER RESOLVED, That it is the purpose and intent of this Board that this
4 Resolution constitute approval of the issuance of the Bonds by the applicable elected
5 representative of the governmental unit having jurisdiction over the area in which the Project
6 is located for the purposes of and in accordance with Section 147(f) of the Code; and, be it

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

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

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

19 FURTHER RESOLVED, That in accordance with the TEFRA Policy Ordinance this
20 approval is conditioned on the incorporation of the the agreements by the Borrower
21 referenced in the recitals of this resolution, including but not limited to the satisfaction of the
22 Redevelopment Agency Contracting Policies, in the Bond regulatory agreement recorded
23 against the property; and, be it

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1 FURTHER RESOLVED, That this Resolution shall take effect immediately upon its
2 adoption.

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4 APPROVED AS TO FORM:

5 DENNIS J. HERRERA
6 City Attorney

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8 By: _____
9 MICHAEL J. MARTIN
 Deputy City Attorney

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