

File No. 101321

Committee Item No. _____
Board Item No. 37

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Board of Supervisors Meeting

Date: October 26, 2010

Cmte Board

- | | | |
|--------------------------|-------------------------------------|----------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 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 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"/>	_____
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Completed by: Annette Lonich Date: October 21, 2010

Completed by: _____ Date: _____

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

INTRODUCTION FORM
By a member of the Board of Supervisors or the Mayor

Time Stamp or
Meeting Date

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 File Nos.
- _____ 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:

- | | |
|---------------------------------------------------------|----------------------------------------------|
| <input type="checkbox"/> Small Business Commission | <input type="checkbox"/> Youth Commission |
| <input type="checkbox"/> Ethics Commission | <input type="checkbox"/> Planning Commission |
| <input type="checkbox"/> Building Inspection Commission | |

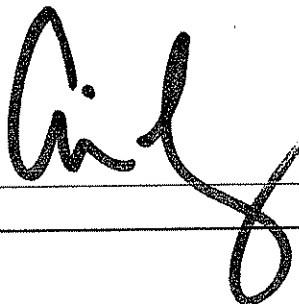
Note: For the Imperative Agenda (a resolution not on the printed agenda), use a different form.]

Sponsor(s): Supervisor Daly

SUBJECT: Issuance and Sale of Revenue Bonds 467 Turk Street

The text is listed below or attached:

Signature of Sponsoring Supervisor: _____



For Clerk's Use Only:

1 [Issuance and Sale of Revenue Bonds – Crescent Manor – 467 Turk Street]

2
3 **Resolution approving the issuance and sale of tax-exempt bonds by the California**
4 **Statewide Communities Development Authority (CSCDA) in an aggregate principle**
5 **amount not to exceed \$11,000,000 for financing the acquisition, construction, and**
6 **rehabilitation of Crescent Manor – 467 Turk Street, subject to the policies for such**
7 **approvals adopted by the Board of Supervisors.**

8 WHEREAS, CSCDA (the "Authority"), proposes to issue multifamily housing revenue
9 bonds (the "Bonds") in an aggregate principal amount not to exceed \$11,000,000 and to lend
10 the proceeds thereof to Crescent Manor Partners, L.P. or any successor thereto (the
11 "Borrower"), to be used for financing the acquisition, construction and rehabilitation by the
12 Borrower of a 94-unit apartment project to be known as Crescent Manor Apartments (the
13 "Project") to be located at 467 Turk Street in the City and County of San Francisco, California
14 (the "City"), all to be owned and operated by the Borrower or an entity related thereto or a
15 partner thereof; and,

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

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

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

1 WHEREAS, The interest on the Bonds may qualify for tax exemption under Section
2 103 of the Internal Revenue Code of 1986, as amended (the "Code") only if the Bonds are
3 approved in accordance with Section 147(f) of the Code; and,

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

7 WHEREAS, in Resolution No. 397-09 the Authority requested and the Board approved
8 on October 20, 2009 the issuance and sale of the Bonds in order to satisfy the public approval
9 requirements of Section 147(f) of the Code; and,

10 WHEREAS, the public approval requirements of Section 147(f) of the Code require
11 public approval to occur not more than one year prior to the date of issuance of the Bonds;
12 and

13 WHEREAS, the Bonds have not been issued because the Project encountered delays
14 related to securing building permits; and

15 WHEREAS, these delays have been mitigated and the Project is now able to move
16 forward; however, the Bonds are now expected to be issued subsequent to October 20, 2010;
17 and

18 WHEREAS, as a result of the delay in the issuance of the Bonds, the public approval
19 requirements of Section 147(f) of the Code must be satisfied once again; and

20 WHEREAS, On September 18, 2010, the Borrower caused a notice to appear in the
21 *San Francisco Chronicle*, which is a newspaper of general circulation in the City, stating that a
22 public hearing with respect to the issuance of the Bonds would be held by the Mayor's Office
23 of Housing on October 4, 2010; and,

1 WHEREAS, The Mayor's Office of Housing held the public hearing described above on
2 October 4, 2010, and an opportunity was provided for citizens to comment on the issuance
3 and sale of the Bonds and the plan of financing for the Project; and,

4 WHEREAS, In Article IX of Chapter 43 of the Administrative Code (the "TEFRA Policy
5 Ordinance"), the Board adopted a set of policies relating to the approval of bonds under
6 Section 147(f) of the Code, also known as a "TEFRA Approval"; and,

7 WHEREAS, City staff has engaged the Authority and the Borrower in negotiations
8 regarding the satisfaction of the requirements of the TEFRA Policy Ordinance for purposes of
9 this resolution; and,

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

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

23 WHEREAS, The City is charged with monitoring compliance with and enforcing such
24 City Contracting Requirements, and is aware of its responsibility in this regard; and,
25

1 WHEREAS, A description of the expected ownership and management structure of the
2 Project after issuance in the form required by the TEFRA Policy Ordinance is on file with the
3 Clerk of the Board of Supervisors in File No. 101321, which is hereby declared to be a part of
4 this resolution as if set forth fully herein; and,

5 WHEREAS, The Borrower has agreed to reimburse the City for staff time relating to
6 this resolution and the satisfaction of the agreements set forth in this resolution; and,

7 WHEREAS, As reflected in the letter on file with the Clerk of the Board of Supervisors
8 in File No. 101321, which is hereby declared to be a part of this resolution as if set forth fully
9 herein, the Director of the Mayor's Office of Housing recommends passage of this resolution;
10 now, therefore, be it

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

13 FURTHER RESOLVED, This Board of Supervisors, as the applicable elected
14 representative of the governmental unit having jurisdiction over the area in which the Project
15 is located, hereby approves the issuance of the Bonds for purposes of Section 147(f) of the
16 Code; and, be it

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

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

23 FURTHER RESOLVED, The adoption of this resolution shall not obligate (i) the City to
24 provide financing to the Borrower for the acquisition, rehabilitation and development of the
25

1 Project or to issue the Bonds for purposes of such financing; or (ii) the City, or any department
2 of the City, to approve any application or request for, or take any other action in connection
3 with, any environmental, General Plan, zoning or any other permit or other action necessary
4 for the acquisition, rehabilitation, development or operation of the Project; and, be it

5 FURTHER RESOLVED, That in accordance with the TEFRA Policy Ordinance this
6 approval is conditioned on the incorporation of the agreements by the Borrower referenced in
7 the recitals of this resolution, including but not limited to the satisfaction of the City Contracting
8 Policies in the Bond regulatory agreement recorded against the property; and, be it

9 FURTHER RESOLVED, That this resolution shall take effect immediately upon its
10 adoption.

11 APPROVED AS TO FORM:

12 DENNIS J. HERRERA
13 City Attorney

14 By: Kenneth Roux
15 KENNETH ROUX
16 Deputy City Attorney

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



GAVIN NEWSOM
MAYOR

DOUGLAS SHOEMAKER
DIRECTOR

October 18, 2010

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

SUBJ: Resolution approving the issuance and sale of tax-exempt bonds by the California Statewide Communities Development Authority (CSCDA) in the amount of \$11,000,000 to finance the rehabilitation of 94 units at Crescent Manor Apartments, 467 Turk Street, San Francisco.

With this letter, I am submitting to you for introduction at the Board of Supervisors meeting on, Tuesday, October 19, 2010, a resolution I recommend for passage regarding qualified mortgage revenue bonds for the proposed rehabilitation of the 94-unit apartment building located at 467 Turk Street. The Project is sponsored by Crescent Manor Partners, LP, ("Sponsor"), a tax credit limited partnership with AOF/Pacific Affordable Housing Corporation as the nonprofit general partner. The Sponsor is proposing to renovate the building including extensive seismic retrofitting, kitchenettes in all units, electrical and plumbing upgrades and a new boiler system. All of the units are affordable and covered by Section 8 subsidies.

As you may recall, on October 20, 2009 the Board of Supervisors through Resolution No. 397-09 approved the issuance and sale of the bonds in order to satisfy the public approval requirements of Section 147(f) of the Internal Revenue Code, which requires public approval must occur not more than one year prior to the date of issuance of the bonds. The original issuance date was not met because the project encountered delays related to securing building permits. These delays have been mitigated and the project is now able to move forward. However, the bonds are now expected to be issued after October 25, 2010, more than a year after the original public approval requirement was satisfied. This means in order to issue the bonds the public approval requirements of Section 147(f) must be satisfied once again.

In order to meet the deadline for closing the bonds, the Board must pass the final resolution by October 26, 2010 and forward it to Mayor Newsom for signature by November 5, 2010. Because of time constraints related to processing of the resolution, the Sponsor will also seek a certificate from Mayor Newsom certifying that the TEFRA

hearing was noticed and held and that the City supports the issuance of tax exempt bonds for the Project.

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", with a long horizontal flourish extending to the right.

Craig Adelman
Deputy Director