

1 [New Market Tax Credit Program - Continuation]

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3 **Resolution approving the continuation of the New Market Tax Credit program**
4 **established by the former Redevelopment Agency of the City and County of San**
5 **Francisco, revisions to the Bylaws of the San Francisco Community Investment Fund,**
6 **and contributions of City staff under a Cooperative Agreement, and authorizing the San**
7 **Francisco Community Investment Fund to enter into contracts to implement New**
8 **Market Tax Credit program at no cost to the City’s General Fund.**

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10 WHEREAS, In February 2010, the Redevelopment Agency of the City and County of
11 San Francisco (the “Agency”), working with the City’s Office of Economic and Workforce
12 Development (“OEWD”), formed the San Francisco Community Investment Fund, a California
13 nonprofit public benefit corporation (“SFCIF”), as a community development entity to apply for
14 new market tax credit (“NMTC”) allocations from the U.S. Treasury; and

15 WHEREAS, The NMTC program (U.S. Internal Revenue Code section 45D et. seq.)
16 was designed to attract investors into underserved communities and to provide private capital
17 investment into projects that may not otherwise be completed; and

18 WHEREAS, The SFCIF applied for and received a \$35 million allocation of NMTC from
19 the Community Development Financial Institution Fund of the U.S. Treasury in the 2010
20 allocation round, which tax credits must be applied to eligible projects before September 30,
21 2013, if at all, and a \$45 million allocation of NMTC in the 2011 allocation round, which tax
22 credits must be applied to eligible projects before September 30, 2014; and

23 WHEREAS, Under the NMTC program, SFCIF or its subsidiary Community
24 Development Entities receive private capital investments and use these funds for qualified

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1 projects benefitting low-income communities, and the investors in return receive federal tax
2 credits spread out over a 7 year tax credit period; and

3 WHEREAS, NMTCs are used to offset amounts that would otherwise be due and
4 owing to the federal government, and do not affect or limit any taxes payable to the State of
5 California or the City and County of San Francisco; and

6 WHEREAS, SFCIF completed its first NMTC transaction in June 2011, investing an
7 approximately \$8.7 million NMTC allocation for the rehabilitation of a building for College
8 Track, a tutoring facility for disadvantaged youth, and its second transaction in October 2011
9 investing an approximately \$15 million NMTC allocation for the SF Jazz building located at
10 205 Franklin Street (the "SFJazz Project"); and

11 WHEREAS, Under Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First
12 Extraordinary Session) ("AB 26") and Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-
13 12, Regular Session) ("AB 1484", together with AB 26, the "Dissolution Law"), redevelopment
14 agencies in the State, including the Agency, were first suspended from taking certain activities
15 and then subsequently dissolved by operation of law; and

16 WHEREAS, During the period of the Agency's suspension, this Board approved the
17 City's execution of an indemnity agreement, that previously would have been executed by the
18 Agency, to allow the SFJazz Project to proceed with the SFCIF's NMTC allocation; and

19 WHEREAS, Under Board of Supervisor Resolution No. 11-12, the Board of
20 Supervisors accepted all of the Agency's housing and non-housing assets, and gave the
21 Director of Administrative Services the right and power to manage all Agency assets and to
22 exercise all functions that the Agency previously performed with respect to those assets.
23 Under Board of Supervisor Ordinance No. 215-12, adopted after the modifications made in
24 AB 1484, the Board of Supervisors recognized the new successor agency to the Agency (the
25 "Successor Agency") as a separate legal entity, delegated to the Successor Agency the

1 authority to implement the surviving redevelopment projects, and confirmed the transfer of all
2 of the housing assets to the City under the jurisdiction of the Mayor's Office of Housing. The
3 Board also ratified all prior acts of the staffs of the Successor Agency, the Department of
4 Administrative Services, and other City employees with respect to the surviving
5 redevelopment projects and other enforceable obligations; and

6 WHEREAS, The functions performed by the Agency under the NMTC program cannot
7 remain with the Agency under the Dissolution Law, and City staff and personnel have,
8 consistent with Board of Supervisor Resolution No. 11-12, continued to advance the NMTC
9 program for the benefit of underserved communities; and

10 WHEREAS, The SFCIF Board currently consists of City staff from the Controller's
11 Office, the Office of Economic and Workforce Development, and the City Administrator's
12 Office; and

13 WHEREAS, In keeping with applicable law, the SFCIF Board has an advisory board
14 consisting of community representatives who live in low-income communities, work for
15 nonprofit organizations and service providers serving low-income communities in San
16 Francisco, or otherwise represent low-income communities. The function of the Advisory
17 Board is to (i) advise the SFCIF on the community benefits and impacts from projects the
18 SFCIF is considering funding in a manner consistent with its Economic and Social Impact
19 Policy, and (ii) advise the SFCIF on the fulfillment of community benefits and impacts of
20 funded projects periodically; and

21 WHEREAS, The Economic and Social Impact Policy of the SFCIF, a copy of which is
22 on file with the Clerk of the Board in File No. 130427, details the five focus areas and related
23 objectives of the SFCIF: 1) Economic Development; 2) Community and Social Development;
24 3) Job Creation and Wealth Creation; 4) Investment Diversification and Partnership
25 Development; and 5) Environmental Sustainability; and

1 WHEREAS, The bylaws of the SFCIF have been revised to delete all references to the
2 Redevelopment Agency and to instead insert the City and County of San Francisco, a copy of
3 which is on file with the Clerk of the Board in File No. 130427 (the “Bylaws”); and

4 WHEREAS, The Agency entered into a cooperative agreement with the SFCIF to
5 provide an upfront loan as well as to dedicate certain staff resources for the operation of the
6 SFCIF, all of which were to be repaid by the SFCIF; and

7 WHEREAS, The City, acting through the City Administrator, has prepared a similar
8 cooperative agreement with the SFCIF, a copy of which is on file with the Clerk of the Board in
9 File No. 130427 (the “Cooperative Agreement”), to aid the SFCIF in fulfilling its mission to
10 apply for NMTC allocations and to make qualified low-income community investments in
11 projects, and to provide necessary City staff (but not funds) on an as needed basis, the costs
12 of which will be reimbursed by the SFCIF; and

13 WHEREAS, The SFCIF has a remaining NMTC allocation of \$56.3 million, and the
14 SFCIF Board and the SFCIF Advisory Board have approved reservations of this allocation for
15 four projects that are in concert with the Economic and Social Impact Policy: (1) the Boys and
16 Girls Club at 380 Fulton Street, (2) the San Francisco Produce Market at 901 Rankin Street,
17 (3) the A.C.T./Strand Theater at 1127 Market Street, and (4) the Renoir Hotel Project at 1100
18 Market Street. The Boys and Girls Club, the San Francisco Produce Market, and the
19 A.C.T./Strand Theater were described in the SFCIF 2011 application for NMTC allocation to
20 the CDFI and the Renoir Hotel project was identified through the Central Market Revitalization
21 Strategy; now, therefore, be it

22 RESOLVED, The Board of Supervisors approves the Bylaws and the Cooperative
23 Agreement and the continuation of the SFCIF’s NMTC program activities, including applying
24 for and, if awarded, competitively selecting future NMTC recipients, and authorizes City staff
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1 to continue to work with the SFCIF on the NMTC program consistent with the Economic and
2 Social Impact Policy and this Resolution; and, be it

3 FURTHER RESOLVED, The Board of Supervisors authorizes the SFCIF to enter into
4 contracts and ancillary documents, generally consistent with the College Track and SFJazz
5 Projects and at no cost to the City's General Fund, to effectuate the SFCIF's NMTC projects;
6 and, be it

7 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
8 with respect to the SFCIF and the NMTC projects are hereby approved and ratified.