

File No. 150120

Committee Item No. 6

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date February 11, 2015

Board of Supervisors Meeting

Date _____

Cmte Board

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Completed by: Linda Wong Date February 6, 2015

Completed by: _____ Date _____

1 [Multifamily Housing Revenue Bonds - 1601 Mariposa Street - Not to Exceed \$200,000,000]

2
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 revenue**
8 **bonds in an aggregate principal amount not to exceed \$200,000,000 for 1601 Mariposa**
9 **Street; authorizing and directing the Controller's Office to hold in trust an amount not**
10 **to exceed \$100,000 in accordance with CDLAC procedures; authorizing the Director to**
11 **certify to the CDLAC that the City has on deposit the required amount; authorizing the**
12 **Director to pay an amount equal to such deposit to the State of California if the City**
13 **fails to issue the residential mortgage revenue bonds; approving, solely for purposes**
14 **of the Internal Revenue Code of 1986, as amended, the issuance and sale of residential**
15 **mortgage revenue bonds by the City in an aggregate principal amount not to exceed**
16 **\$200,000,000; authorizing and directing the execution of any documents necessary to**
17 **implement this Resolution; and ratifying and approving any action heretofore taken in**
18 **connection with the Project, as defined herein, and the Application, as defined herein.**

19
20 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
21 "Board 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 City to assist in the financing of multi-family rental housing units; and

1 WHEREAS, Acting under and pursuant to the powers reserved to the City under
2 Sections 3, 5, and 7 of Article XI of the Constitution of the State of California and Sections
3 1.101 and 9.107 of the Charter, the City has enacted the City and County of San Francisco
4 Residential Mortgage Revenue Bond Law (City Law), constituting Article I of Chapter 43 of the
5 San Francisco Administrative Code, in order to establish a procedure for the authorization,
6 issuance, and sale of residential mortgage revenue bonds by the City for the purpose of
7 providing funds to encourage the availability of adequate housing and home finance for
8 persons and families of low or moderate income, and to develop viable communities by
9 providing decent housing, enhanced living environments, and increased economic
10 opportunities for persons and families of low or moderate income; and

11 WHEREAS, In addition, pursuant to Division 31 of the Health and Safety Code of the
12 State of California, and particularly Chapter 7 of Part 5 thereof (State Law), the City is
13 empowered to issue and sell bonds for the purpose of making mortgage loans or otherwise
14 providing funds to finance the development of multi-family rental housing including units for
15 lower income households and very low income households; and

16 WHEREAS, Related/Mariposa Development Co., LLC, a California limited liability
17 company (or any successor thereto including any successor owner of the Project)
18 (Borrower/Developer), desires to construct approximately 320 units of residential rental
19 housing located at 1601 Mariposa Street (Project); and

20 WHEREAS, The Developer 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

1 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
2 \$200,000,000 and to loan the proceeds of the Bonds to the Developer (Loan) to finance the
3 costs of the Project; and

4 WHEREAS, The Board of Supervisors has determined that the moneys advanced and
5 to be advanced to pay certain expenditures of the Project are or will be available only for a
6 temporary period and it is necessary to reimburse such expenditures with respect to the
7 Project from the proceeds of the Bonds; and

8 WHEREAS, Section 1.150-2 of the United States Treasury Regulations requires that
9 the Board of Supervisors declare its reasonable official intent to reimburse prior expenditures
10 for the Project with proceeds of the Bonds; and

11 WHEREAS, The interest on the Bonds may qualify for tax exemption under Section
12 103 of the Internal Revenue Code of 1986, as amended (Code), only if the Bonds are
13 approved in accordance with Section 147(f) of the Code; and

14 WHEREAS, The City now wishes to approve the issuance of the Bonds solely to satisfy
15 the public approval requirements of Section 147(f) of the Code; and

16 WHEREAS, The Project must separately procure land use entitlements from the City,
17 following completion of environmental review under the California Environmental Quality Act,
18 and is subject to the City's discretion to modify, approve or disapprove the land use
19 entitlements for the Project; and

20 WHEREAS, The Project is located wholly within the City; and

21 WHEREAS, On January 21, 2015, the City caused a notice stating that a public
22 hearing with respect to the issuance of the Bonds would be held by the Mayor's Office of
23 Housing and Community Development and Community Development on February 5, 2015, to
24 appear in The San Francisco Examiner, which is a newspaper of general circulation in the
25 City; and

1 WHEREAS, The Mayor's Office of Housing and Community Development held the
2 public hearing described above on February 5, 2015, 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 required to approve the issuance of the Bonds within the
6 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 (1/2%) of the amount of allocation requested; 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 solely for purposes of
2 establishing compliance with the requirements of Section 1.150-2 of the United States
3 Treasury Regulations and Section 147(f) of the Code. This Resolution does not bind the
4 Board of Supervisors to issue the Bonds, approve the Loan or to make any expenditure, incur
5 any indebtedness or proceed with the Project. The Project is subject to the City's normal
6 project review procedures, including environmental review under the California Environmental
7 Quality Act, and is subject to the City's discretion to modify, approve or disapprove the Project
8 following completion of environmental review.

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

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

17 Section 5. The maximum principal amount of debt expected to be issued for the Project
18 is \$200,000,000.

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

22 Section 7. This approval of the issuance of the Bonds by the City is neither an approval
23 of the underlying credit issues of the proposed Project nor an approval of the financial
24 structure of the Bonds.

1 Section 8. The Board of Supervisors hereby authorizes the Director, or his designee of
2 the Mayor's Office of Housing and Community Development (Director), on behalf of the City,
3 to submit an application (Application), and such other documents as may be required, to
4 CDLAC pursuant to Government Code Section 8869.85 for an allocation for the Project of a
5 portion of the state ceiling for private activity bonds in a principal amount not to exceed
6 \$200,000,000.

7 Section 9. An amount equal to \$100,000 (Deposit) is hereby authorized to be held on
8 deposit in connection with the Application and the applicable CDLAC procedures, and the
9 Director is authorized to certify to CDLAC that such funds are available; which Deposit shall
10 consist of a restriction on cash in the Hotel Tax Fund established pursuant to Section 515.01
11 of Article 7 of the San Francisco Business and Tax Regulations Code (Hotel Tax Fund).

12 Section 10. If the City receives a CDLAC allocation and the applicable issuance
13 requirements are not met, the Mayor's Office of Housing and Community Development is
14 hereby authorized to cause an amount equal to the Deposit to be paid to the State of
15 California from the Hotel Tax Fund, if required by CDLAC.

16 Section 11. The officers and employees of the City and the Director are hereby
17 authorized and directed, jointly and severally, to do any and all things necessary or advisable
18 to consummate the receipt of an allocation from CDLAC and otherwise effectuate the
19 purposes of this Resolution.

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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*
KENNETH DAVID ROUX
Deputy City Attorney

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Mayor's Office of Housing and Community Development
City and County of San Francisco



Edwin M. Lee
Mayor

Olson Lee
Director

February 3, 2015

Honorable Mayor Lee
City and County of San Francisco
City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2015 FEB - 3 PM 3:51
Ak

RE: Resolution Authorizing Application to California Debt Limit Allocation Committee for Multifamily Housing Revenue Bonds for 1601 Mariposa Street.

With this memo, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, February 3, 2015, a resolution regarding qualified mortgage revenue bonds for 1601 Mariposa Street, a residential housing development sponsored by Related California. The resolution would authorize the Director of this office to submit an application to the California Debt Limit Allocation Committee for permission to issue such bonds in an amount not to exceed \$200,000,000, and to declare the intent of the City and County of San Francisco to reimburse certain expenditures from proceeds of future bonded indebtedness should the proposed project be approved and entitled. This resolution is related to the proposed project's financing mechanism only, and would authorize us to apply for an allocation of bond issuing authority. Should we receive authority, we will need to return to the Board for permission to actually issue the bonds if the proposed development project is approved. Funds generated from the issuance and sale of the bonds would be used to finance construction of the project.

The sponsor is proposing the new construction of approximately 320 units of rental housing located at 1601 Mariposa Street. Eighty percent of the units (256 units) would be market rate and twenty percent (64 units) would be affordable.

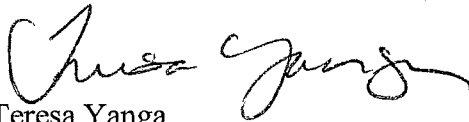
The Mayor's Office of Housing and Community Development has previously issued bonds for both rental housing and for first time homeownership. These financings are conduit financings, which do not require the City to pledge repayment of the bonds. Rather, the bondholders' only recourse for payment is the project revenues themselves and the credit enhancement provided by lenders.

In order to meet the inducement deadline prior to incurring costs, the resolution must be introduced at the Board no later than February 3, 2015 and return to the full Board for approval no later than Tuesday, February 24, 2015.

The attached resolution has been approved as-to-form by Deputy City Attorney Kenneth Roux. I am enclosing a brief description of the project for your review.

If you have any questions about the resolution or the project, please contact Joan McNamara at 701-5532.

Thank you,

A handwritten signature in black ink, appearing to read "Teresa Yanga". The signature is fluid and cursive, with a long horizontal stroke at the end.

Teresa Yanga
Director, Multifamily Housing

1601 Mariposa Project Description

The proposed development is planned for approximately 247,500 net residential square feet (320 rental units) and approx. 9,000 square feet of ground floor retail. The development consists of two separate, newly-constructed buildings. Twenty percent (20%) of the 320 units, equaling 64 units, will be offered at or under rental rates equal to 50% AMI using those limits required by the Mayor's Office of Housing.

The planning code requires a mid-block, pedestrian crossing that will bisect the site. This mid-block crossing is designed to function as an enhanced outdoor respite for the new residential community. The crossing also follows an existing sewer easement that runs through the site. The property is already graded into the hillside and the new buildings are proposed to be on said grade. Both buildings are Type V wood structures with a 40' height limit – the eastern building is planned on a 2½ level concrete parking podium.

The 3.36 acre site covers the majority of the block and will have frontage on all four bordering streets – Mariposa Street, Arkansas Street, 18th Street, and Carolina Street. There are two buildings on the same block adjacent to the Project site. The first building contains commercial space and the Live Oak School (a private elementary school) and is located at the corner of Arkansas Street and Mariposa Street. The second building consists of miscellaneous commercial uses on the first floor and residential space on the second floor. It is located at the corner of 18th Street and Carolina Street.

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
25 FEB -3 PM 3:51

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *[Signature]* Mayor Edwin M. Lee *[Signature]*
RE: Multifamily Housing Revenue Bonds – 1601 Mariposa Street – Not to Exceed \$200,000,000
DATE: February 3, 2015

Attached for introduction to the Board of Supervisors is a resolution declaring the intent of the City and County of San Francisco (the "City") to reimburse certain expenditures from proceeds of future bonded indebtedness; authorizing the Director of the Mayor's Office of Housing and Community Development (the "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 \$200,000,000 for 1601 Mariposa Street; 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; approving solely 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 \$200,000,000; 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) and the Application (as defined herein).

I respectfully request this item be calendared in Budget and Finance on February 11th, 2015.

Should you have any questions, please contact Nicole Wheaton (415) 554-7940.