

1 [Multifamily Housing Revenue Bonds - Goodwill - 1500-1580 Mission Street and 77 South Van
2 Ness Avenue - Not to Exceed \$475,000,000]

3 **Resolution declaring the intent of the City and County of San Francisco (the “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 **(the “Director”) to submit an application and related documents to the California Debt**
7 **Limit Allocation Committee (“CDLAC”) to permit the issuance of residential mortgage**
8 **revenue bonds in an aggregate principal amount not to exceed \$475,000,000 to finance**
9 **a project at 1500-1580 Mission Street and 77 South Van Ness Avenue; authorizing and**
10 **directing the Director to direct the Controller’s Office to hold in trust an amount not to**
11 **exceed \$100,000 in accordance with CDLAC procedures; authorizing the Director to**
12 **certify to CDLAC that the City has on deposit the required amount; authorizing the**
13 **Director to pay an amount equal to such deposit to the State of California if the City**
14 **fails to issue the tax exempt residential mortgage revenue bonds; approving, for**
15 **purposes of the Internal Revenue Code of 1986, as amended, the issuance and sale of**
16 **residential mortgage revenue bonds by the City in an aggregate principal amount not**
17 **to exceed \$475,000,000; authorizing and directing the execution of any documents**
18 **necessary to implement this Resolution; and ratifying and approving any action**
19 **heretofore taken in connection with the Project, as defined herein, and the Application,**
20 **as defined herein.**

21
22 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
23 “Board 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 (the “City”),
25

1 particularly for low and moderate income persons, and that it is in the best interest of the
2 residents of the City and in furtherance of the health, safety, and welfare of the public for the
3 City to assist in the financing of multi-family rental housing units; and

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

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

20 WHEREAS, Goodwill SF Urban Development, LLC, a limited liability company (or an
21 affiliate thereof or successor thereto) (the "Developer"), desires to construct approximately
22 580 units of residential rental housing located on the site including 1500-1580 Mission Street
23 and 77 South Van Ness Avenue (the "Project"); and

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

1 (the “Bonds”); and

2 WHEREAS, The City expects that proceeds of the Bonds will be used to pay certain
3 costs incurred in connection with the Project prior to the date of issuance of the Bonds; and,

4 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
5 \$475,000,000 and to loan the proceeds of the Bonds to the Developer (the “Loan”) to finance
6 the costs of the Project; and

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

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

14 WHEREAS, The interest on the Bonds may qualify for tax exemption under Section
15 103 of the Internal Revenue Code of 1986, as amended (the “Code”), only if the Bonds are
16 approved in accordance with section 147(f) of the Code; and

17 WHEREAS, The City now wishes to approve the issuance of the Bonds in order to
18 satisfy the public approval requirements of section 147(f) of the Code; and

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

20 WHEREAS, On April 14, 2016 the City caused a notice stating that a public hearing
21 with respect to the issuance of the Bonds would be held by the Mayor’s Office of Housing and
22 Community Development on April 29, 2016, to appear in The San Francisco Chronicle, which
23 is a newspaper of general circulation in the City; and

24 WHEREAS, The Mayor’s Office of Housing and Community Development held the
25 public hearing described above on April 29, 2016 and an opportunity was provided for

1 persons to comment on the issuance of the Bonds and the Project; and the minutes of such
2 hearing were provided to this Board of Supervisors prior to this meeting; and

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

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

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

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

18 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling
19 for tax-exempt private activity bonds to certify to CDLAC that applicant has on deposit an
20 amount equal to one-half of one percent (1/2%) of the amount of allocation requested not to
21 exceed \$100,000.00;

22 WHEREAS, On July 29, 2014, this Board of Supervisors adopted its Resolution No.
23 311-14 (the “Prior Resolution”), approving certain matters related to this Project, including the
24 issuance of the Bonds in an aggregate principal amount not to exceed \$375,000,000 and on
25 August 7, 2014, the Mayor approved the Prior Resolution; and

1 WHEREAS, The Developer has since requested the City to authorize an increase in
2 the maximum size of the Bond issue to \$475,000,000; now, therefore be it

3 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
4 follows:

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

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

12 Section 3. The Board of Supervisors hereby declares its official intent under United
13 States Treasury Regulations Section 1.150-2 to use proceeds of the Bonds to reimburse
14 expenditures incurred in connection with the Project. The Board of Supervisors hereby further
15 declares its intent to use such proceeds to reimburse the Developers for actual expenditures
16 made by the Developers on the Project. This Section 3 is intended to supplement, rather than
17 amend, Section 3 of the Prior Resolution. Section 3 of the Prior Resolution, and the official
18 intent date established thereby with respect to the first \$375,000,000 principal amount of
19 Bonds for the reimbursement of costs of the Project, are hereby confirmed.

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

23 Section 5. The maximum principal amount of debt expected to be issued for the Project
24 is \$475,000,000.

25 Section 6. This Board of Supervisors, as the applicable elected representative of the

1 governmental unit having jurisdiction over the area in which the Project is located, hereby
2 approves the issuance of the Bonds for purposes of Section 147(f) of the Code.

3 Section 7. This approval of the issuance of the Bonds by the City is neither an approval
4 of the underlying credit issues of the proposed Project nor an approval of the financial
5 structure of the Bonds.

6 Section 8. The Board of Supervisors hereby authorizes the Director of the Mayor’s
7 Office of Housing and Community Development, or his designee (the “Director”), on behalf of
8 the City, to submit an application (the “Application”), and such other documents as may be
9 required, to CDLAC pursuant to Government Code Section 8869.85 for an allocation for the
10 Project of a portion of the state ceiling for private activity bonds in a principal amount not to
11 exceed \$475,000,000.

12 Section 9. An amount equal to \$100,000 (“Deposit”) is hereby authorized to be held on
13 deposit in connection with the Application and the applicable CDLAC procedures, and the
14 Director is authorized to certify to CDLAC that such funds are available.

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

19 Section 11. The officers and employees of the City and the Director are hereby
20 authorized and directed, jointly and severally, to do any and all things necessary or advisable
21 to consummate the receipt of an allocation of tax-exempt private activity bond authority for the
22 Project from CDLAC and otherwise effectuate the purposes of this Resolution, consistent with
23 the documents cited herein and this Resolution, and all actions previously taken by such
24 officers and employees with respect to the Project, consistent with the documents cited herein
25 and this Resolution, including but not limited to the submission of the application to CDLAC,

1 are hereby ratified and approved.

2 Section 12. This Resolution shall supplement and amend the Prior Resolution. Any
3 provision of the Prior Resolution that is irreconcilable with this Resolution is hereby repealed.

4 Section 13. This Resolution shall take effect from and after its adoption by the Board
5 and approval by the Mayor.

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7 APPROVED AS TO FORM:
8 DENNIS J. HERRERA
9 City Attorney

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11 By: _____
12 Kenneth David Roux
13 Deputy City Attorney
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