

File No. 160482

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date May 18, 2016

Board of Supervisors Meeting

Date _____

Cmte Board

- | | | |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input 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 and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" 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"/> | Form 126 – Ethics Commission |
| <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 checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Public Hearing Notice</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Completed by: Linda Wong Date May 13, 2016
 Completed by: Linda Wong Date _____

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
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

are hereby ratified and approved.

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 Any provision of the Prior Resolution that is irreconcilable with this Resolution is hereby repealed.

Section 13. 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
n:\speclas2016\0100007\01100933.docx

May 3, 2016

**City and County of San Francisco
Multifamily Housing Revenue Bond Program
Project Description**

1500 Mission Street (“Goodwill”)

Overview

In October of 2014, Related California Residential, LLC (“Related”) acquired the property at which San Francisco Goodwill Industries presently resides (the “Site” or the “Property”). The Site is approximately 2.5 acres in size and is located in the Market Octavia district in San Francisco, California at the intersection of 11th Street, Mission Street, and Van Ness Avenue.

Related will develop approximately 580 multi-family apartment units, including approximately 116 below-market-rate (“BMR”) units, and approximately 40,000 square feet of retail in the form of a 39-story tower on the southwestern half of the site and a 466,000 square-foot office building on the northeastern half of the site (the “Project” or “Goodwill”). Related will also preserve the façade and clock tower frontage of the Coca Cola bottling plant as it runs along Mission Street. This structure will ultimately become a restaurant/bar area. A public concourse will separate the residential and office towers. The office building will be owned by the City and County of San Francisco (the “City”) and ultimately will house several municipal departments. Related, a tax credit equity investor and an institutional investor will own the residential building.

Total project cost to develop the residential component will be nearly \$475 Million, or \$819,000 per dwelling unit.

The residential unit distribution is the following:

Unit Type	Number of Units
Studios	235
1 BR Units	100
2 BR Units	230
3 BR Units	15
Total	580

Twenty percent of the residential units will be affordable housing, with approximately 3% of the units renting at a level determined by 40% of Area Median Income (“AMI”) as published by the California Tax Credit Allocation Committee and approximately 17% of the units renting at a level of 50% of Unadjusted AMI as published by the San Francisco Mayor’s Office of Housing and Community Development.

Site Description

Address: 1500 – 1560, 1570, and 1580 Mission Street and 77 South Van Ness Avenue
Block/Lot: Block 3506, Lots 002, 003, 006 and 007

Development and Management Team

- Goodwill SF Urban Development, LLC is the Project's sponsor, whose ownership interest in the Project may be assigned to new entities at a later date (See **Exhibit A**).
- The general contractor for the Project has not yet been selected.
- The property manager for the project will be Related Management Company.
- HKS Architects, Inc. is the architect of record and Skidmore, Owings & Merrill LLP is the design architect for the Project.

Project Ownership Structure

- As described above, Goodwill SF Urban Development, LLC's ownership interest in the Project may be assigned to new entities at a later date.
- A to-be-determined tax credit equity investor will replace the Nicholas Company, Inc. as an owner in a to-be-formed ownership entity for the BMR units and is anticipated to be a 99.99% owner in the BMR entity (see **Exhibit A**). A qualified tax credit investor will purchase this interest at closing.
- Any required guaranties will be provided by The Related Companies, LP.

Financing Structure

The following sources of capital financing will be utilized: tax-exempt bonds issued by the City; 4% low income housing tax credits; letter of credit enhancements issued by the Related Companies, LP and one or more institutional investors.

The amount of private activity tax-exempt bonds used during construction will be sized specifically to meet the 50% of aggregate basis test required for the 4% Low Income Housing Tax Credits (LIHTC).

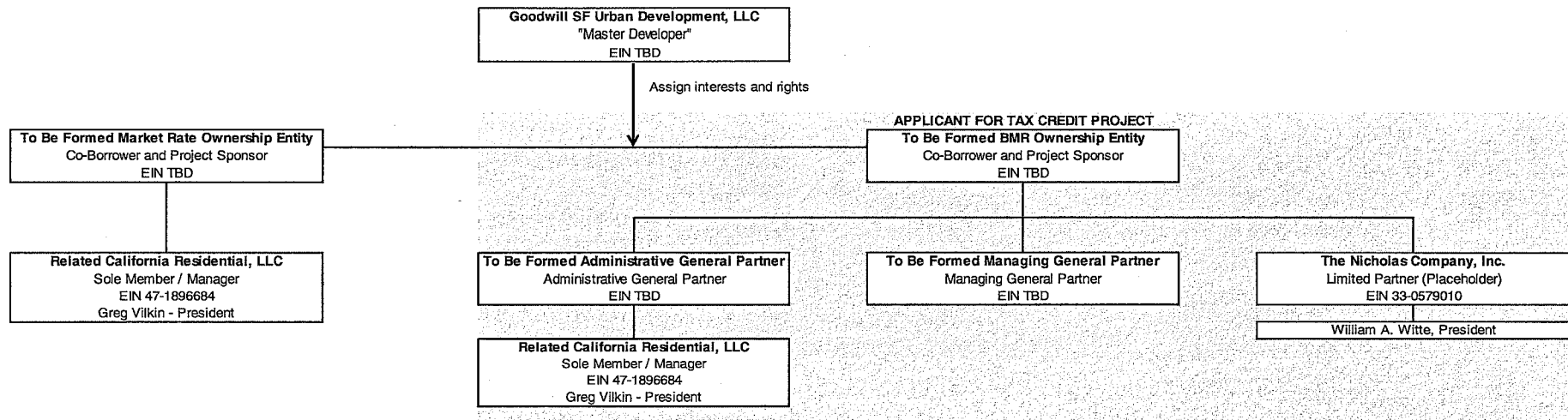
The sale of LIHTC will generate equity financing for the Project. The calculation of tax credits utilizes a 30% basis boost as the U.S. Department of Housing and Urban Development has designated San Francisco County a "difficult development area."

Schedule

Financing is anticipated to close between December 1, 2016 and December 31, 2016, with construction starting within 30 days of closing.

The site construction/rehabilitation work is scheduled to be completed over a 34-month period ending January of 2020.

Exhibit A – Proposed Ownership Structure



SAN FRANCISCO CHRONICLE

This space for filing stamp only

925 MISSION ST, SAN FRANCISCO, CA 94103
Telephone (415) 615-3562 / Fax (415) 348-3084

PROOF OF PUBLICATION

(2015.5 C.C.P.)

State of California)
County of SAN FRANCISCO) ss

Notice Type: GPN - GOVT PUBLIC NOTICE

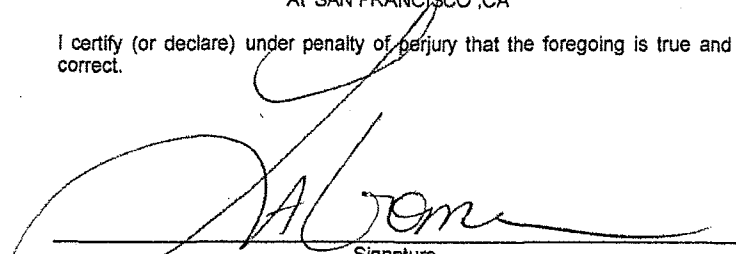
Ad Description:
GOODWILL; RE-TEFRA

I am a citizen of the United States and a resident of the State of California; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the SAN FRANCISCO CHRONICLE, a newspaper published in the English language in the city of SAN FRANCISCO, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of SAN FRANCISCO, State of California, under date of 11/13/1951, Case No.411596. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

04/14/2016

Executed on: 04/14/2016
At SAN FRANCISCO, CA

I certify (or declare) under penalty of perjury that the foregoing is true and correct.



Signature



Email * A 0 0 0 0 0 4 0 7 1 8 4 9 *

CNS#: 2869339

NOTICE OF PUBLIC HEARING
NOTICE IS HEREBY GIVEN that on Friday, April 29, 2016 at 11:00 a.m., in the Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, the City and County of San Francisco (the "City") will conduct a public hearing (the "Public Hearing") at which time the City will hear and consider information concerning the proposed sale and issuance by the City of multifamily affordable housing mortgage revenue bonds (the "Bonds") in an aggregate principal amount not to exceed four hundred seventy-five million dollars (\$475,000,000). A portion of the proceeds of the Bonds will be loaned to Goodwill SF Urban Development, LLC (or an affiliate thereof or successor thereto) (the "Borrower"), pursuant to a loan agreement (the "Loan Agreement"). The proceeds of the Bonds loaned to the Borrower will be used to finance the construction of approximately 580 units of residential rental housing located on the site including 1500-1580 Mission Street and 77 South Van Ness Avenue, San Francisco, California 94103 (the "Project"). The Project will be owned and operated by the Borrower. The Bonds will be paid entirely by the Borrower from the revenues of the Project, in accordance with the Loan Agreement. Neither the full faith and credit nor the taxing power of the City, the State of California (the "State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal, premium, if any, or interest on the Bonds, nor shall the City, the State or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal, premium, if any, or interest on the Bonds. The Public Hearing is intended to comply with the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended. All those interested in matters related to the issuance of the Bonds and to the financing of the Project are invited to attend and be heard at this hearing. Interested parties may appear in person at the time and place indicated above or submit written comments, which must be received prior to the Public Hearing, to the City, c/o Adam Cray, Mayor's Office of Housing and Community Development, at the address indicated above. Date: April 14, 2016
CITY AND COUNTY
OF SAN FRANCISCO
Olson Lee, Director
Mayor's Office of Housing
and Community Development

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



Edwin M. Lee
Mayor

Olson Lee
Director

TEFRA Hearing Minutes

Project Name: 1500 Mission Street ("Goodwill")
Project Address: 1500-1580 Mission Street and 77 South Van Ness Avenue
Project Block/Lots: Block 3506, Lots 002, 003, 006 and 007

Hearing Location: City and County of San Francisco
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Hearing Date/Time: April 29, 2016 from 11:00 a.m. to 12:00 p.m.

The hearing was called to order by Adam Cray of the San Francisco Mayor's Office of Housing and Community Development ("MOHCD") at 11:00 a.m. No other parties were in attendance.

1. Explanation of the Purpose for the Hearing

The Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") is a federal law requiring any issuer of tax-exempt bonds to provide a reasonable opportunity for interested individuals to express their views, either orally or in writing, on the issuance of the bonds and the nature of the improvements and projects for which the bond funds will be allocated. Thus, as the issuer of the tax-exempt bonds financing the subject project, the City and County of San Francisco held the TEFRA hearing to provide those interested in discussing the project the opportunity to comment and ask questions.

2. Comments and Questions from Interested Parties

As no parties other than the MOHCD staff noted above were in attendance, there were no comments or questions.

The hearing was adjourned at 12:00 p.m.

Introduction Form

By a Member of the Board of Supervisors or the Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
Time stamp
2016 MAY 23 AM 11:08
or meeting date
AK

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

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

Sponsor(s):

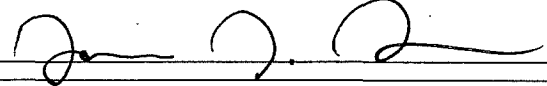
Supervisor Kim

Subject:

Multifamily Housing Revenue Bonds- 1500-1580 Mission Street and 77 South Van Ness Avenue (also known as "Goodwill"), San Francisco, California 94103- Not to Exceed \$475,000,000

The text is listed below or attached:

See attached.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only: