

1 [Multifamily Housing Revenue Bonds - Dorothy Day Community - 54 McAllister Street - Not to
2 Exceed \$111,000,000]

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 \$111,000,000 for 54**
9 **McAllister Street; authorizing and directing the Director to direct the Controller's Office**
10 **to hold in trust an amount not to exceed \$100,000 in accordance with CDLAC**
11 **procedures; authorizing the Director to certify to CDLAC that the City has on deposit**
12 **the required amount; authorizing the Director to pay an amount equal to such deposit**
13 **to the State of California if the City fails to issue the residential mortgage revenue**
14 **bonds; authorizing and directing the execution of any documents necessary to**
15 **implement this Resolution; and ratifying and approving any action heretofore taken in**
16 **connection with the Project, as defined herein, and the Application, as defined herein.**
17

18 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
19 "Board of Supervisors"), after careful study and consideration, has determined that there is a
20 shortage of safe and sanitary housing within the City and County of San Francisco (the "City"),
21 particularly for low and moderate income persons, and that it is in the best interest of the
22 residents of the City and in furtherance of the health, safety, and welfare of the public for the
23 City to assist in the financing of multi-family rental housing units; and
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25

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

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

17 WHEREAS, Mercy Housing California 75, L.P., a California limited partnership (or any
18 successor thereto including any successor owner of the Project, the "Developer"), desires to
19 acquire and rehabilitate a 100-unit affordable residential rental housing development located
20 at 54 McAllister Street, San Francisco, California 94102 (the "Project"); and

21 WHEREAS, The Developer has requested that the City assist in the financing of the
22 Project through the issuance of one or more series of tax-exempt mortgage revenue bonds
23 (the "Bonds"); and

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

1 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
2 \$111,000,000 and to loan the proceeds of the Bonds to the Developer (the "Loan") to finance
3 the costs of the Project; and

4 WHEREAS, The Bonds will be limited obligations, payable solely from pledged
5 security, including Project revenues, and will not constitute a debt of the City; and

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

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

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

17 WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State
18 of California governs the allocation in the State of California of the state ceiling established by
19 Section 146 of the Code among governmental units in the State having the authority to issue
20 tax-exempt private activity bonds; and

21 WHEREAS, Section 8869.85(b) of the Government Code requires that a local agency
22 file an application for a portion of the state ceiling with or upon the direction of the California
23 Debt Allocation Committee ("CDLAC") prior to the issuance of tax-exempt private activity
24 bonds, including qualified mortgage bonds; and

25

1 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to
2 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent
3 (1/2%) of the amount of allocation requested not to exceed \$100,000.00; now, therefore, be it

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

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

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

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

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

21 Section 5. The maximum principal amount of debt expected to be issued for the Project
22 is \$111,000,000.

23 Section 6. The Board of Supervisors hereby authorizes the Director of the Mayor's
24 Office of Housing and Community Development, or his designee (the "Director"), on behalf of
25 the City, to submit an application (the "Application"), and such other documents as may be

1 required, to CDLAC pursuant to Government Code Section 8869.85 for an allocation for the
2 Project of a portion of the state ceiling for private activity bonds in a principal amount not to
3 exceed \$111,000,000.

4 Section 7. An amount equal to one-half of one percent (0.5%) of the amount of the
5 CDLAC allocation requested for the Project, not to exceed \$100,000 ("Deposit"), is hereby
6 authorized to be held on deposit in connection with the Application and the applicable CDLAC
7 procedures, and the Director is authorized to certify to CDLAC that such funds are available.

8 Section 8. If the City receives a CDLAC allocation for the Project and the Bonds are not
9 issued, the Mayor's Office of Housing and Community Development is hereby authorized to
10 cause an amount equal to the Deposit to be paid to the State of California, if and to the extent
11 required by CDLAC.

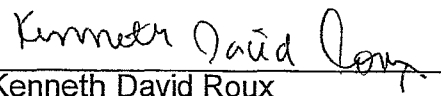
12 Section 9. The officers and employees of the City and the Director are hereby
13 authorized and directed, jointly and severally, to do any and all things necessary or advisable
14 to consummate the receipt of an allocation from CDLAC and otherwise effectuate the
15 purposes of this Resolution, consistent with the documents cited herein and this Resolution,
16 and all actions previously taken by such officers and employees with respect to the Project,
17 consistent with the documents cited herein and this Resolution, including but not limited to the
18 submission of the application to CDLAC, are hereby ratified and approved.

19 Section 10. This Resolution shall take effect from and after its adoption by the Board
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and approval by the Mayor.

APPROVED AS TO FORM:
DENNIS J. HERRERA
City Attorney

By: 
Kenneth David Roux
Deputy City Attorney

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

Dorothy Day Community

Overview

The funds described in the “Financing Structure” section below will be used to finance the acquisition and rehabilitation of Dorothy Day Community, a 100-unit affordable multifamily housing project located at 54 McAllister Street in the City and County of San Francisco (the “Project”).

Following renovation, the Project will include approximately 74,963 square feet of gross floor area, comprised of 50,750 square feet of residential area and 24,213 square feet of non-residential area. Non-residential spaces will include a community/dining room, library/exercise room, management and services offices, and a front lobby.

Total project costs, including the cost to acquire the land and rehabilitate the existing buildings, will be approximately \$111,000,000, or \$1,110,000 per dwelling unit.

The residential unit distribution, which will include a single one-bedroom manager unit, is as follows:

<u>Unit type</u>	<u>Number of units</u>
Studio	26
1-Bedroom	74

Ninety percent of the residential units will serve households earning less than 60 percent of Area Median Income (“AMI”), while the balance of units will serve households earning less than 50 percent of AMI. Presently, all 100 units are project-based Section 8 units with all but the manager’s unit receiving the Section 8 subsidy.

Residents

No residents will be displaced. All residents will have the right to return after any temporary relocation that might be required.

Site Description and Scope of Work

Address: 54 McAllister Street, San Francisco, CA 94102
Block/Lot: Block 0349, Lots 009 and 014

The scope of work for the rehabilitation will include:

- repair and replacement of unit interior and finishes,
- site improvements,
- common area renovations,
- energy efficiency upgrades,
- roof repair,

- heater repair or replacement, and
- exterior and interior painting.

Development and Management Team

Project Sponsor: Mercy Housing California
General Contractor: TBD
Architect of Record: TBD
Property Manager: Mercy Housing Management Company

Project Ownership Structure

Borrower Entity: Mercy Housing California 75, L.P.
Managing General Partner: Mercy Housing Calwest

An investor limited partner will own a 99.99% interest in the borrower entity.

Financing Structure

The following sources of capital financing are expected to be utilized:

- tax-exempt bonds issued by the City;
- 4% low income housing tax credits (“LIHTC”);
- seller carryback financing from Dorothy Day Community, L.P., a California limited partnership; and
- a conventional first mortgage.

The sale of LIHTC will generate equity financing for the Project. 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 LIHTC. 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 August and December 2017, with construction commencing within 3 days of closing. All construction is scheduled to be completed by December 2018.

Tenants are expected to be temporarily relocated for approximately 3 weeks during each phase of the rehabilitation.

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2016 MAY 11: 07
Time stamp
or meeting date

BY _____ 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):

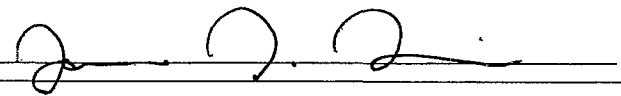
Supervisor Kim

Subject:

Multifamily Housing Revenue Bonds- 54 McAllister Street, San Francisco, California 94102 ("Dorothy Day Community") - Not to Exceed \$111,000,000

The text is listed below or attached:

See attached.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only: