

File No. 160520

Committee Item No. 8
Board Item No. 25

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date May 25, 2016

Board of Supervisors Meeting

Date June 7, 2016

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
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| <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 checked="" type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" 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 |
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| <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 |
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Completed by: Linda Wong Date May 20, 2016
Completed by: Linda Wong Date May 31, 2016

1 [Multifamily Housing Revenue Bonds - 1601 and 1677 Mariposa Street, 485-497 Carolina
2 Street, 395 and 420 Wisconsin Street, and 210 Arkansas Street (also known as "1601
3 Mariposa") - Not to Exceed \$240,000,000]

4 **Resolution declaring the intent of the City and County of San Francisco (the "City") to**
5 **reimburse certain expenditures from proceeds of future bonded indebtedness;**
6 **authorizing the Director of the Mayor's Office of Housing and Community Development**
7 **(the "Director") to submit an application and related documents to the California Debt**
8 **Limit Allocation Committee ("CDLAC") to permit the issuance of residential mortgage**
9 **revenue bonds in an aggregate principal amount not to exceed \$240,000,000 for 1601**
10 **and 1677 Mariposa Street, 485-497 Carolina Street, 395 and 420 Wisconsin Street, and**
11 **210 Arkansas Street; authorizing and directing the Director to direct the Controller's**
12 **Office to hold in trust an amount not to exceed \$100,000 in accordance with CDLAC**
13 **procedures; authorizing the Director to certify to CDLAC that the City has on deposit**
14 **the required amount; authorizing the Director to pay an amount equal to such deposit**
15 **to the State of California if the City fails to issue the residential mortgage revenue**
16 **bonds; authorizing and directing the execution of any documents necessary to**
17 **implement this Resolution as defined herein; and ratifying and approving any action**
18 **heretofore taken in connection with the Project as defined herein, and the Application**
19 **as defined herein.**

20
21 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
22 "Board of Supervisors"), after careful study and consideration, has determined that there is a
23 shortage of safe and sanitary housing within the City and County of San Francisco (the "City"),
24 particularly for low and moderate income persons, and that it is in the best interest of the
25

1 residents of the City and in furtherance of the health, safety, and welfare of the public for the
2 City to assist in the financing of multi-family rental housing units; and

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

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

19 WHEREAS, Related/Mariposa Development Co, LLC, a California limited liability
20 company (or any successor thereto including any successor owner of the Project, the
21 "Developer"), desires to acquire land and construct a 299-unit affordable residential rental
22 housing development located at 1601 & 1677 Mariposa Street, 485-497 Carolina Street, 395
23 & 420 Wisconsin Street, and 210 Arkansas Street, San Francisco, California 94107 (Lots
24 001B and 004 of Block 4005 and Lots 006, 010, 019, and 020 of Block 4006 in the records of
25 the City's Assessor-Recorder) (the "Project"); and

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

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

6 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
7 \$240,000,000 and to loan the proceeds of the Bonds to the Developer (the "Loan") to finance
8 the costs of the Project; and

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

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

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

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

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

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

5 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to
6 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent
7 (1/2%) of the amount of allocation requested not to exceed \$100,000.00;

8 WHEREAS, On February 24, 2015, this Board of Supervisors adopted its Resolution
9 No. 46-15 (the "Prior Resolution"), approving certain matters related to this Project, including
10 the issuance of the Bonds in an aggregate principal amount not to exceed \$200,000,000 and
11 on February 27, 2015, the Mayor approved the Prior Resolution; and

12 WHEREAS, The Developer has since requested the City to authorize an increase in
13 the maximum size of the Bond issue to \$240,000,000; now, therefore, be it

14 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
15 follows:

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

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

23 Section 3. The Board of Supervisors hereby declares its official intent under United
24 States Treasury Regulations Section 1.150-2 to use proceeds of the Bonds to reimburse
25 expenditures incurred in connection with the Project. The Board of Supervisors hereby further

1 declares its intent to use such proceeds to reimburse the Developer for actual expenditures
2 made by the Developer on the Project. This Section 3 is intended to supplement, rather than
3 amend, Section 3 of the Prior Resolution. Section 3 of the Prior Resolution, and the official
4 intent date established thereby with respect to the first \$200,000,000 principal amount of
5 Bonds for the reimbursement of costs of the Project, are hereby confirmed

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

9 Section 5. The maximum principal amount of debt expected to be issued for the Project
10 is \$240,000,000.

11 Section 6. The Board of Supervisors hereby authorizes the Director of the Mayor's
12 Office of Housing and Community Development, or his designee (the "Director"), on behalf of
13 the City, to submit an application (the "Application"), and such other documents as may be
14 required, to CDLAC pursuant to Government Code Section 8869.85 for an allocation for the
15 Project of a portion of the state ceiling for private activity bonds in a principal amount not to
16 exceed \$240,000,000.

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

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

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

8 Section 10. This Resolution shall supplement the Prior Resolution. Any provision of the
9 Prior Resolution that is irreconcilable with this Resolution is hereby repealed.

10 Section 11. This Resolution shall take effect from and after its adoption by the Board
11 and approval by the Mayor.

12 APPROVED AS TO FORM:
13 DENNIS J. HERRERA
14 City Attorney

15 By: Kenneth David Roux
16 Kenneth David Roux
17 Deputy City Attorney
18 n:\speclas2016\0100007\01104266.docx

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

1601 Mariposa

Overview

The funds described in the “Financing Structure” section below will be used to finance the development of 1601 Mariposa, a 299-unit mixed-income multifamily housing project to be located at 1601 Mariposa Street (and various other addresses) in the City and County of San Francisco (the “Project”).

Upon completion, the Project will include approximately 332,172 square feet of gross floor area, comprised of approximately 240,991 square feet of residential area and approximately 91,181 square feet of non-residential area. Non-residential spaces will include circulation, service, common, and commercial/PDR.

Total project costs, including the cost to acquire the land and construct new buildings, will be approximately \$240 million, or \$803,000 per dwelling unit.

The proposed residential unit distribution, which will include a single 1-bedroom superintendent unit, is:

<u>Unit type</u>	<u>Number of units</u>
Studio	70
1-Bedroom	93
2-Bedroom	116
3-Bedroom	20

Twenty percent of the residential units will serve very-low-income households (the “Below-Market-Rate Units” or “BMR Units”), while the balance of units will be rented at market rates (the “Market-Rate Units”). Approximately 3 percent of the BMR Units will serve households earning less than 40 percent of Area Median Income (“AMI”) as published by the California Tax Credit Allocation Committee, while approximately 17 percent of the BMR Units will serve households earning less than 50 percent of AMI as published by the San Francisco Mayor’s Office of Housing and Community Development.

Residents

No residents will be displaced as the site is currently a vacant lot.

Site Description and Scope of Work

Addresses: 1601 & 1677 Mariposa Street, 485-497 Carolina Street, 395 & 420 Wisconsin Street, and 210 Arkansas Street, San Francisco, California 94107
Blocks/Lots: 4005/001B, 4005/004, 4006/006, 4006/010, 4006/019, 4006/020

Development and Management Team

Project Owner/Sponsor: Related/Mariposa Development Co, LLC (See **Exhibit A**)
General Contractor: *To Be Determined*
Architect of Record: Ankrom Moisan Architects, Inc.
Property Manager: Related Management Company

Project Ownership Structure

- Related/Mariposa Development Co, 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 guarantees will be provided by the Related Companies, LP.

Financing Structure

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

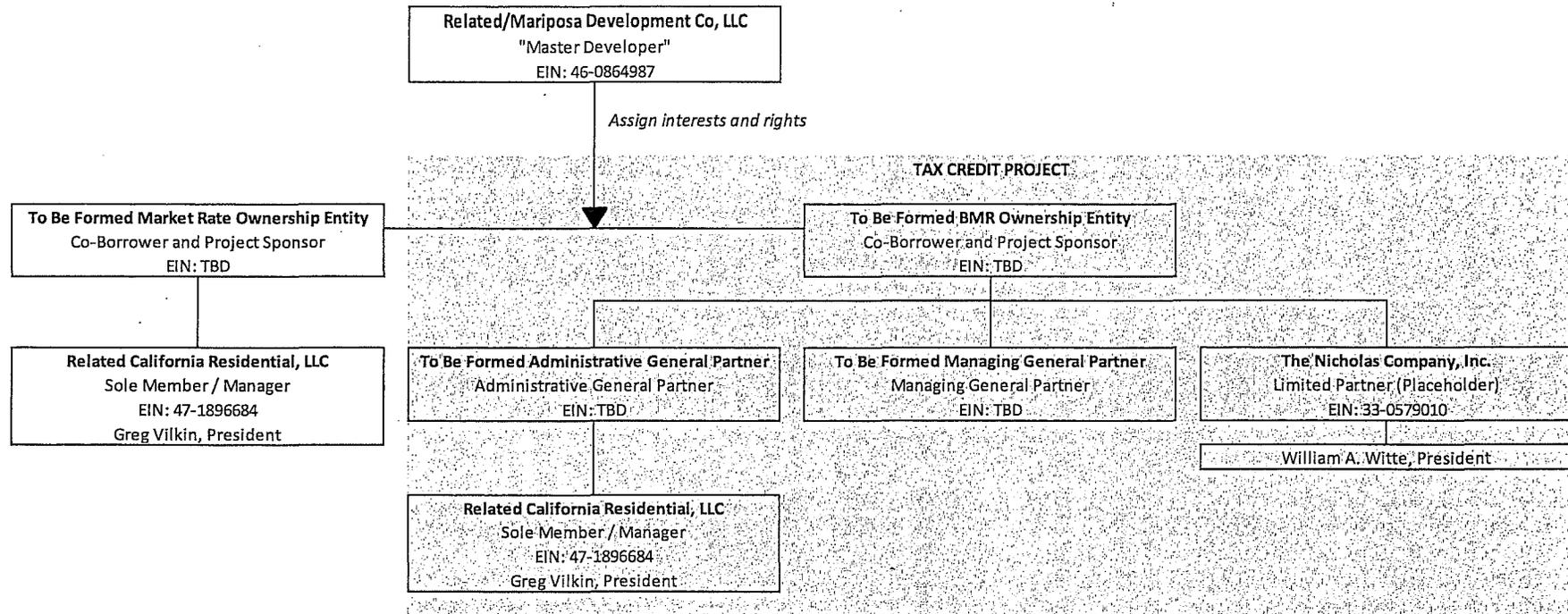
- tax-exempt bonds issued by the City and County of San Francisco and
- 4% low income housing tax credits ("LIHTC").

The sale of LIHTC will generate equity financing for the Project. The amount of tax-exempt private activity 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 December 2016 and January 2017, with construction commencing within 90 days of closing. All construction is scheduled to be completed by May 2019.

Exhibit A – Proposed Ownership Structure (Subject to Change)



1870

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

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. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. 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

Sponsor(s):

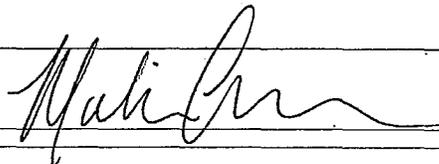
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Subject:

Multifamily Housing Revenue Bonds - 1601&1677 Mariposa Street

The text is listed below or attached:

Attached

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

