

File No. 170450

Committee Item No. 5
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee Date April 27, 2017

Board of Supervisors Meeting Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

<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"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Linda Wong Date April 22, 2017
Completed by: Linda Wong Date _____

1 [Multifamily Housing Revenue Bonds - 1150-3rd Street (also known as Mission Bay South
2 Block 3 East) - Not to Exceed \$90,000,000]

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 \$90,000,000 for**
9 **1150-3rd Street (Assessor's Parcel Block No. 8711; Lot No. 026); 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 residential mortgage revenue bonds; approving, for purposes of the**
15 **Internal Revenue Code of 1986, as amended, the issuance and sale of residential**
16 **mortgage revenue bonds by the City in an aggregate principal amount not to exceed**
17 **\$90,000,000; authorizing and directing the execution of any documents necessary to**
18 **implement this Resolution; and ratifying and approving any action heretofore taken in**
19 **connection with the Project, as defined herein, and the Application, 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, MB3E, L.P., a California limited partnership (or any successor thereto
20 including any successor owner of the Project, the "Developer"), desires to construct a 119-unit
21 affordable residential rental housing development located at 1150 3rd Street (APN: 8711/026),
22 San Francisco, California 94158 (the "Project"); and

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

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

3 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
4 \$90,000,000 and to loan the proceeds of the Bonds to the Developer (the "Loan") to finance
5 the costs of the Project; and

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

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

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

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

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

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

21 WHEREAS, On April 3rd and April 10th, 2017 the City caused a notice stating that a
22 public hearing with respect to the issuance of the Bonds would be held by the Mayor's Office
23 of Housing and Community Development and Community Development on April 17, 2017, 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 April 17, 2017, and an opportunity was provided for
3 persons to comment on the issuance of the Bonds and the Project; and the minutes of such
4 hearing were provided to this Board of Supervisors prior to this meeting; and

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

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

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

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

20 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to
21 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent
22 (0.5%) of the amount of allocation requested not to exceed \$100,000.00; now, therefore, be it

23 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
24 follows:
25

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

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

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

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

16 Section 5. The maximum principal amount of debt expected to be issued for the Project
17 is \$90,000,000.

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

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

24 Section 8. The Board of Supervisors hereby authorizes the Director of the Mayor's
25 Office of Housing and Community Development, or his designee (the "Director"), on behalf of

1 the City, to submit an application (the "Application"), and such other documents as may be
2 required, to CDLAC pursuant to Government Code Section 8869.85 for an allocation for the
3 Project of a portion of the state ceiling for private activity bonds in a principal amount not to
4 exceed \$90,000,000.

5 Section 9. An amount equal to one-half of one percent (0.5%) of the amount of the
6 CDLAC allocation requested for the Project, not to exceed \$100,000 ("Deposit"), is hereby
7 authorized to be held on deposit in connection with the Application and the applicable CDLAC
8 procedures, and the Director is authorized to certify to CDLAC that such funds are available.

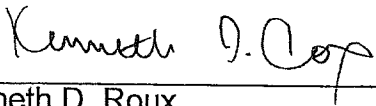
9 Section 10. If the City receives a CDLAC allocation for the Project and the Bonds are
10 not issued, the Mayor's Office of Housing and Community Development is hereby authorized
11 to cause an amount equal to the Deposit to be paid to the State of California, if and to the
12 extent required by CDLAC.

13 Section 11. The officers and employees of the City and the Director are hereby
14 authorized and directed, jointly and severally, to do any and all things necessary or advisable
15 to consummate the receipt of an allocation from CDLAC and otherwise effectuate the
16 purposes of this Resolution, consistent with the documents cited herein and this Resolution,
17 and all actions previously taken by such officers and employees with respect to the Project,
18 consistent with the documents cited herein and this Resolution, including but not limited to the
19 submission of the application to CDLAC, are hereby ratified and approved.

20
21
22
23
24
25

1 Section 12. This Resolution shall take effect from and after its adoption by the Board
2 and approval by the Mayor.

3
4 APPROVED AS TO FORM:
5 DENNIS J. HERRERA
6 City Attorney

7 By: 
8 Kenneth D. Roux
9 Deputy City Attorney
10 n:\speclas2017\1600390\01184659.doc

**MAYOR'S OFFICE OF HOUSING
AND COMMUNITY DEVELOPMENT
CITY AND COUNTY OF SAN FRANCISCO**



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

April 11, 2017

Honorable Jane Kim
City and County of San Francisco
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Resolution Authorizing Application to California Debt Limit Allocation Committee;
Multifamily Housing Revenue Bonds for 1150 3rd Street

Dear Supervisor Kim:

With this letter, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, April 18, 2017, a resolution regarding qualified mortgage revenue bonds for the project located at 1150 3rd Street, commonly known as Mission Bay South Block 3 East Affordable Housing (the "Project"). The Project is a 119-unit family housing project being developed by Chinatown Community Development Center ("CCDC") and Swords to Plowshares ("STP"). The Project site is bordered by a private street to the north, Mission Rock Street to the south, a market-rate development to the west, and 3rd Street to the east.

The attached resolution will authorize Olson Lee, as Director of the Mayor's Office of Housing and Community Development ("MOHCD"), to submit an application to the California Debt Limit Allocation Committee ("CDLAC") for permission to issue tax-exempt bonds in an amount not to exceed \$90,000,000 (the "Bonds"). Should CDLAC grant such authority, MOHCD will be required to return to the Board of Supervisors for permission to issue the Bonds. Funds generated from the issuance and sale of the Bonds would be used to finance construction of the Project.

The Project will consist of one five-story, U-shaped building surrounding a central, two-level courtyard. It will feature four stories of wood-framed construction over a concrete podium. The Project will have 119 units (12 studios, 55 one-bedroom units, 30 two-bedroom units, 21 three-bedroom units, and 1 two-bedroom manager's unit) and will serve formerly homeless veterans at rents not to exceed 30% of Area Median Income ("AMI") and families earning up to 60% of AMI. The development team of CCDC and STP was selected pursuant to a Request for Proposal

1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103
Phone: (415) 701-5500 Fax: (415) 701-5501 TDD: (415) 701-5503 www.sfgov.org/moh

issued by the Office of Community Investment and Infrastructure (“OCII”), Successor to the San Francisco Redevelopment Agency. OCII will contribute gap financing to help finance the Project. In addition to OCII’s contribution, the Project’s proposed financing includes 4% low-income housing tax credits (“LIHTC”) and tax-exempt bonds, Veterans Housing and Homelessness Prevention Program (“VHHP”) funds administered by the State of California’s Housing and Community Development (“HCD”) office, and Veterans Affairs Supportive Housing (“VASH”) project-based vouchers.

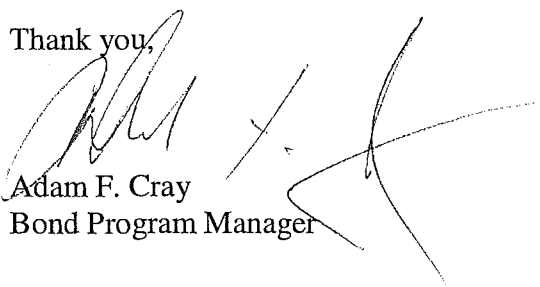
MOHCD routinely issues tax-exempt bonds to finance the development of multifamily rental housing. As with many previous issuances, the proposed financing is a conduit financing, which does not require the City to pledge its funds toward repayment of the Bonds. Rather, the bondholders’ only recourse for payment is project revenues and any credit enhancement borrowers may have provided.

Introduction on April 18, 2017 will help to ensure that MOHCD, OCII, and the developers have sufficient time to fulfill all requirements of the CDLAC application, which is due on May 19, 2017.

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

Should you have any questions about the attached resolution or the Project, please do not hesitate to contact me at 415-701-5512 or OCII’s Benjamin Brandin at 415-749-2533.

Thank you,


Adam F. Cray
Bond Program Manager

1150 3rd Street (Mission Bay South Block 3 East) Affordable Project Description

April 2017

1150 3rd Street (Mission Bay South Block 3 East) Affordable Housing (the “Project”) is a 119-unit project serving formerly homeless veterans and low-income families being developed by Chinatown Community Development Center (“CCDC”) and Swords to Plowshares (“STP”). It will be located on the Mission Bay South Block 3 East parcel at 1150 3rd Street between a private street to the north, Mission Rock Street to the south, and a market rate development to the west. The development team of CCDC and STP was selected pursuant to a Request for Proposals for the development of 1150 3rd Street by the Office of Community Investment and Infrastructure (“OCII”), the Successor to the San Francisco Redevelopment Agency. OCII anticipates contributing approximately \$20,000,000 in gap subsidy for 1150 3rd Street. The Mayor’s Office of Housing and Community Development (“MOHCD”) will issue the tax-exempt bonds for the Project.

Scope of Work:

The Project will be a five-story, U-shaped building including four stories of wood frame construction over a concrete podium surrounding a central courtyard. The Project will have 119 units (12 studios, 55 one-bedroom units, 30 two-bedroom units, 21 three-bedroom units, and 1 two-bedroom manager’s unit). It will also include the following features:

- The central two-level open space as well as program spaces to serve the Project’s mixed population. These program spaces include a large central community room and kitchen located along 3rd Street, an adjacent computer lab, teen gathering space, a multipurpose room, a young kids’ play room, a resident services office, a counseling office to serve the veterans, property management offices, mailboxes, bike parking room, and two laundry rooms. The two-level central courtyard features areas for gathering and children’s play, and separate areas for respite and relaxation.

Ownership:

CCDC and STP have formed a limited partnership, MB3E, L.P., to own the improvements (“the Partnership”). OCII, and subsequently MOHCD will own the land that the improvements will be built on. OCII will enter into a Ground Lease with the Partnership. This Ground Lease will transfer from OCII to MOHCD once construction of the improvements is completed. CCDC is a San Francisco-based affordable housing developer, property manager, and resident services provider with over 30 years of experience in housing development and operation in the city. STP is an established San Francisco-based nonprofit organization with over 40 years of experience. It is one of the most successful providers of veterans services in San Francisco, has played important roles in developing local, state, and national policies around veterans’ issues, and operates a growing portfolio of supportive housing for veterans in the city.

Financing:

In addition to the OCII loan described above, the proposed financing structure includes 4% low-income housing tax credits and tax-exempt bonds, Veterans Housing and Homelessness

- Financial Consultant: California Housing Partnership
- Development Consultant: Gonzalo Castro

CALIFORNIA NEWSPAPER SERVICE BUREAU

DAILY JOURNAL CORPORATION

Mailing Address : 915 E FIRST ST, LOS ANGELES, CA 90012
Telephone (800) 788-7840 / Fax (800) 464-2839
Visit us @ www.LegalAdstore.com

BENJAMIN BRANDIN
CCSF MAYOR'S OFFICE OF HOUSING
ONE SOUTH VAN NESS AVE 5TH FLR
SAN FRANCISCO, CA 94103-5416

EXM# 2994343

COPY OF NOTICE

Notice Type: HRG NOTICE OF HEARING
Ad Description: NOTICE OF PUBLIC HEARING April 17, 2016

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO EXAMINER. Thank you for using our newspaper. Please read this notice carefully and call us with ny corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

04/03/2017 , 04/10/2017

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an invoice.

NOTICE OF PUBLIC HEARING
NOTICE IS HEREBY GIVEN that on April 17, 2016, at 11 a.m., at the Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, California 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 private activity multifamily affordable housing mortgage revenue bonds (the "Bonds") in an aggregate principal amount not to exceed ninety million dollars and zero cents (\$90,000,000.00). All or a portion of the proceeds of the Bonds will be loaned to MBSE, L.P. (or any successor thereto including any successor owner of the Project) (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 119 rental housing units on a parcel (APN #8711 Lot 26) which is currently bounded to the north by a private street, to the south by Mission Rock Street, to the east by 3rd Street, and to the west by a residential housing development. It will consist of 62 rental housing units serving formerly homeless veterans, 56 rental housing units serving low-income families, one manager's unit, plus related and ancillary facilities thereto (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 Benjamin Brandin, Office of Community Investment and Infrastructure, at the address indicated above. Date: April 17, 2017
CITY AND COUNTY OF SAN FRANCISCO
Mara Blitzer, Housing Development Director
Mayor's Office of Housing and Community Development



Introduction Form

By a Member of the Board of Supervisors or the Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2017 APR 13 PM 3: 25
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. 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 - 1150 3rd Street, San Francisco, California 94158 ("Mission Bay South Block 3 East") - Not to Exceed \$90,000,000]

The text is listed below or attached:

Attached.

Signature of Sponsoring Supervisor: _____



For Clerk's Use Only: