

File No. 171142

Committee Item No. 5

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 9, 2017

Board of Supervisors Meeting

Date _____

Cmte Board

- Motion
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- 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)

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Completed by: Linda Wong Date November 3, 2017

Completed by: Linda Wong Date _____

1 [Multifamily Housing Revenue Bonds - Candlestick Point South 11a - Not to Exceed
2 \$100,000,000]

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 \$100,000,000 for**
9 **Candlestick Point South 11a (San Francisco, California 94124); 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; authorizing and directing the**
15 **execution of any documents necessary to implement this Resolution; and ratifying and**
16 **approving any action heretofore taken in connection with the Project, as defined**
17 **herein, and the Application, as defined herein.**

18
19 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
20 "Board of Supervisors"), after careful study and consideration, has determined that there is a
21 shortage of safe and sanitary housing within the City and County of San Francisco (the "City"
22 or "County"), particularly for low and moderate income persons, and that it is in the best
23 interest of the residents of the City and in furtherance of the health, safety, and welfare of the
24 public for the City to assist in the financing of multi-family rental housing units; and
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, Candlestick Point 11a, L.P., a California limited partnership (or any
18 successor thereto including any successor owner of the Project, the "Developer"), desires to
19 construct a 176-unit affordable residential rental housing development located in San
20 Francisco, California, on Lot No. 35 of that certain Final Transfer Map No. 7879-8583,
21 recorded on August 16, 2016, and filed on pages 73-78 in Book GG of the County's Survey
22 Maps; which Lot is part of the broader parcel of land bounded on the north by Gilman Avenue,
23 east by Hunter's Point Expressway, south and southwest by Jamestown Avenue, and
24 northwest by Giants Drive and Bill Walsh Way (the "Project"); and
25

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 \$100,000,000 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, The Project is located wholly within the City; and

19 WHEREAS, Section 146 of the Internal Revenue Code of 1986, as amended (the
20 "Code") limits the amount of tax-exempt private activity bonds, which include qualified
21 mortgage bonds, that may be issued in any calendar year by entities within a state and
22 authorizes the legislature of each state to provide the method of allocating authority to issue
23 tax-exempt private activity bonds within the respective state; and

24 WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State
25 of California governs the allocation in the State of California of the state ceiling established by

1 Section 146 of the Code among governmental units in the State having the authority to issue
2 tax-exempt private activity bonds; and

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

7 WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to
8 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent
9 (1/2%) of the amount of allocation requested not to exceed \$100,000.00; now, therefore, be it

10 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
11 follows:

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

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

19 Section 3. The Board of Supervisors hereby declares its official intent under United
20 States Treasury Regulations, Section 1.150-2 to use proceeds of the Bonds to reimburse
21 expenditures incurred in connection with the Project. The Board of Supervisors hereby further
22 declares its intent to use such proceeds to reimburse the Developer for actual expenditures
23 made by the Developer on the Project.

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

4 Section 5. The maximum principal amount of debt expected to be issued for the Project
5 is \$100,000,000.

6 Section 6. The Board of Supervisors hereby authorizes the Director of the Mayor's
7 Office of Housing and Community Development, or her 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 \$100,000,000.

12 Section 7. 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 8. If the City receives a CDLAC allocation for the Project and the Bonds are not
16 issued, the Mayor's Office of Housing and Community Development is hereby authorized to
17 cause an amount equal to the Deposit to be paid to the State of California, if and to the extent
18 required by CDLAC.

19 Section 9. 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 from CDLAC and otherwise effectuate the
22 purposes of this Resolution, consistent with the documents cited herein and this Resolution,
23 and all actions previously taken by such officers and employees with respect to the Project,
24 consistent with the documents cited herein and this Resolution, including but not limited to the
25 submission of the application to CDLAC, are hereby ratified and approved.

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

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

8
9 By: 
10 Heidi J. Gewertz
11 Deputy City Attorney
12 n:\speclas2017\1200504\01228892.docx

**Candlestick Point South Block 11A Affordable Housing
Project Description
October 2017**

Candlestick Point South Block 11A (the “Project”) is a 176-unit affordable family rental housing project. The Project will be located on Lot 35 of that certain Final Transfer Map No. 7879-8583, recorded on August 16, 2016 and filed on pages 73-78 in Book GG of the County’s Survey Maps in the to-be-developed Candlestick Point neighborhood in the Bayview Hunters Point Redevelopment Project Area.

Co-developers San Francisco Housing Development Corporation and Mercy Housing California (“SFHDC and Mercy”) were selected pursuant to a request for proposals for the development of Candlestick Point North 10a and Candlestick Point South 11a, issued by the Office of Community Investment and Infrastructure (“OCII”). The Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement between CP Development Co. LP, the master developer, and the former Redevelopment Agency (now OCII), calls for 10,500 new housing units, 32% or 3,345 of which will be Below Market Rate (“BMR”). Candlestick Point South 11a and Candlestick Point South 10a, another 100% affordable project, which is also being introduced on October 17, 2017, will be the first BMR projects to be developed in Phase 2.

Scope of Work:

The proposed Project will be a u-shaped structure with heights varying from three to seven stories, constructed on a concrete podium. On the ground floor, the building will feature retail space, car and bicycle parking, and townhome-style stacked flats along a pedestrian-only mid-block break. At the podium level, an inner courtyard and community rooms will serve as central gathering spaces for building residents.

The Project will include 176 units, consisting of 2 studio units, 45 one-bedroom units, 57 two-bedroom units, 67 three-bedroom units, 3 four-bedroom units, 1 five-bedroom units, and 1 two-bedroom manager’s unit. The Project will serve families earning up to 60% of Area Median Income. Approximately 25% of units will be set-aside for formerly homeless households, referred to the Project by the San Francisco Department of Homelessness and Supportive Housing. Among these, 5 units will serve parenting transition aged youth. In addition, the Project will include 2 three-bedroom family childcare units, along with associated childcare space.

Ownership:

SFHDC and Mercy have formed a limited partnership to own the improvements, Candlestick Point 11a, L.P. (“the Partnership”). OCII will own the land that the improvements will be built on and will enter into a long term Ground Lease with the Partnership. This Ground Lease, along with ownership of the land, will transfer from OCII to MOHCD once construction of the improvements is completed.

SFHDC is acting as lead developer in this partnership. SFHDC is an established community based organization with a history of serving the Southeast San Francisco neighborhoods and experience in building and servicing affordable housing. Mercy is acting as co-developer on this

Project. Mercy is a non-profit affordable housing developer, with considerable experience in San Francisco.

Financing:

OCII has committed predevelopment funding for the Project and will provide gap financing. The Partnership will apply for a tax-exempt bond allocation, currently estimated to be no more than \$100 million, and 4% low-income housing tax credits.

The Partnership will apply for additional funding as appropriate. This may include, but is not limited to low-interest loans from the Federal Home Loan Bank Affordable Housing Program and California Strategic Growth Council Affordable Housing and Sustainable Communities Program.

Schedule:

The Project is applying for a bond allocation by the end of 2017 and expect to begin construction at the end of 2018.

Candlestick Point South Block 11A Issuance Schedule	
Task	Date
Inducement Resolution Lodged with Board	10/24/2017
Inducement Resolution to Budget & Finance Committee	11/16/2017
Inducement Resolutions Approved by Board	11/28/2017
Submit CDLAC application	12/15/2017
CDLAC meeting -- secure allocation	1/17/2018

Development Team:

- o Co-Developers: San Francisco Housing Development Corporation and Mercy Housing California
- o Architect: Leddy Maytum Stacy Architects
- o Services Provider: Mercy Housing California in partnership with Episcopal Community Services
- o Contractor: Cahill Contractors with Hercules Builders
- o Financial Consultant: California Housing Partnership Corporation
- o Development Consultant: Chris Rivera

Print Form

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
 BOARD OF SUPERVISORS
 SAN FRANCISCO
 2017 OCT 24 PM 2:25
 Time stamp
 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 [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached 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 the Imperative Form.

Sponsor(s):

Cohen

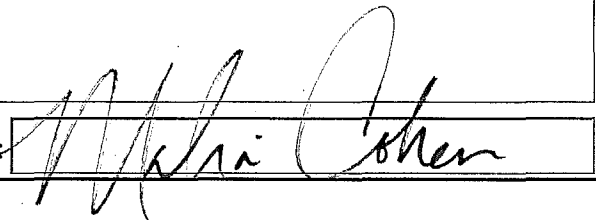
Subject:

Multifamily Housing Revenue Bonds - Candlestick Point South 11a - Not to Exceed \$100,000,000

The text is listed:

Attached

Signature of Sponsoring Supervisor:



For Clerk's Use Only