

File No. 180898

Committee Item No. 4  
Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date September 27, 2018

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 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)

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|-------------------------------------|--------------------------|---------------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Project Description</u>      |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Notice of Public Hearing</u> |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                           |
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Completed by: Linda Wong Date September 21, 2018  
Completed by: Linda Wong Date \_\_\_\_\_

1 [Multifamily Housing Revenue Bonds - 711 Eddy Street (Eastern Park Apartments) - Not to  
2 Exceed \$95,000,000]

3 **Resolution declaring the intent of the City and County of San Francisco ("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 **("Director") to submit an application and related documents to the California Debt Limit**  
7 **Allocation Committee ("CDLAC") to permit the issuance of residential mortgage**  
8 **revenue bonds in an aggregate principal amount not to exceed \$95,000,000 for 711**  
9 **Eddy Street; authorizing and directing the Director to direct the Controller's Office to**  
10 **hold in trust an amount not to exceed \$100,000 in accordance with CDLAC procedures;**  
11 **authorizing the Director to certify to CDLAC that the City has on deposit the required**  
12 **amount; authorizing the Director to pay an amount equal to such deposit to the State of**  
13 **California if the City fails to issue the residential mortgage revenue bonds; approving,**  
14 **for purposes of the Internal Revenue Code of 1986, as amended, the issuance and sale**  
15 **of residential mortgage revenue bonds by the City in an aggregate principal amount**  
16 **not to exceed \$95,000,000; authorizing and directing the execution of any documents**  
17 **necessary to implement this Resolution; 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 ("Board  
22 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 ("City"),  
24 particularly for low and moderate income persons, and that it is in the best interest of the  
25 residents of the City and in furtherance of the health, safety, and welfare of the public for the

1 City to assist in the financing of multi-family rental housing units; and

2 WHEREAS, Acting under and pursuant to the powers reserved to the City under  
3 Sections 3, 5, and 7 of Article XI of the Constitution of the State of California and Sections  
4 1.101 and 9.107 of the Charter of the City and County of San Francisco, the City has enacted  
5 the City and County of San Francisco Residential Mortgage Revenue Bond Law ("City Law"),  
6 constituting Article I of Chapter 43 of the San Francisco Administrative Code, in order to  
7 establish a procedure for the authorization, issuance and sale of residential mortgage revenue  
8 bonds by the City for the purpose of providing funds to encourage the availability of adequate  
9 housing and home finance for persons and families of low or moderate income, and to  
10 develop viable communities by providing decent housing, enhanced living environments; and  
11 increased economic opportunities for persons and families of low or moderate income; 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 ("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, Eastern Park Apartments, LP, a California limited partnership (or any  
18 affiliate thereof or successor thereto, "Developer"), desires to acquire and rehabilitate a 202-  
19 unit affordable residential rental housing development located at 711 Eddy Street, San  
20 Francisco, California 94109 ("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 ("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 \$95,000,000 and to loan the proceeds of the Bonds to the Developer ("Loan") to finance the  
3 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, The interest on the Bonds may qualify for tax exemption under Section  
14 103 of the Internal Revenue Code of 1986, as amended ("Code"), only if the Bonds are  
15 approved in accordance with Section 147(f) of the Code; and

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

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

19           WHEREAS, On August 29, 2018, the City caused a notice stating that a public hearing  
20 with respect to the issuance of the Bonds would be held by the Mayor's Office of Housing and  
21 Community Development on September 13, 2018, to appear in *The San Francisco Examiner*,  
22 which is a newspaper of general circulation in the City; and

23           WHEREAS, The Mayor's Office of Housing and Community Development held the  
24 public hearing described above on September 13, 2018, and an opportunity was provided for  
25 persons to comment on the issuance of the Bonds and the Project; and

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

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

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

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

16           WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to  
17 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent  
18 (0.5%) of the amount of allocation requested not to exceed \$100,000; now, therefore, be it

19           RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as  
20 follows:

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

23           ///

24           ///

25

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

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

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

14           Section 5. The maximum principal amount of debt expected to be issued for the Project  
15 is \$95,000,000.

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

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

22           Section 8. The Board of Supervisors hereby authorizes the Director of the Mayor's  
23 Office of Housing and Community Development, including any acting or interim director, or  
24 such person's designee ("Director"), on behalf of the City, to submit an application  
25 ("Application"), and such other documents as may be required, to CDLAC pursuant to

1 Government Code, Section 8869.85 for an allocation for the Project of a portion of the state  
2 ceiling for private activity bonds in a principal amount not to exceed \$95,000,000.

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


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

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

18 ///  
19 ///  
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  
8 By:   
9        KENNETH DAVID ROUX  
10        Deputy City Attorney  
11        n:\spec\as2018\0100007\01301468.docx



**Project Description**  
Multifamily Securities Program  
City and County of San Francisco

*Eastern Park Apartments*

**Overview**

The funds described in the “Financing Structure” section below will be used to finance the acquisition and rehabilitation of Eastern Park Apartments, a 202-unit affordable multifamily housing project located at 711 Eddy Street in the City and County of San Francisco (the “Project”).

Following rehabilitation, the Project will include approximately 171,766 square feet of gross floor area, comprised of 137,433 square feet of residential area and 34,333 square feet of non-residential area. Non-residential spaces will include:

- Garage,
- Laundry rooms,
- Offices,
- Utility and storage rooms,
- Mechanical equipment rooms
- Resident lobby and
- Activities rooms.

Total project costs, including the cost to acquire the land and rehabilitate existing buildings, will be approximately \$126,645,850, or \$630,079 per dwelling unit.

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

<u>Unit type</u>	<u>Number of units</u>
1-Bedroom	202

Ten percent of the residential units will serve households earning no more than 50 percent of the San Francisco County Area Median Income (“AMI”), while the balance of units will serve households earning no more than 60 percent of AMI.

**Residents**

No residents will be displaced as all residents will have the right to return after any temporary relocation that might be required. Tenants will not be responsible for relocation-related costs.

**Site Description and Scope of Work**

Address: 711 Eddy Street, San Francisco, CA 94109  
Block/Lot: 0742/014

The scope of work for the rehabilitation will include:

- Total window replacement,
- Redesign and reprogramming of ground floor common and staff spaces,

- Mechanical heating system upgrade,
- Balcony upgrades,
- Unit improvements (scope varies from unit to unit, but generally includes kitchen cabinetry and appliances, flooring, window coverings, doors, and painting), and

Rehabilitation hard cost will be approximately \$177,000 per unit.

### **Development and Management Team**

Project Sponsor:	Northern California Presbyterian Homes and Services
General Contractor:	Branagh Construction, Inc.
Architect of Record:	SGPA
Property Manager:	Northern California Presbyterian Homes and Services

### **Project Ownership Structure**

Borrower Entity:	Eastern Park Apartments, LP
Managing General Partner:	NCPHS EPA, LLC

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 Northern California Presbyterian Homes and Services, and
- First mortgage funded with tax exempt private activity bonds.

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.

### **Schedule**

Financing is anticipated to close in February 2019, with construction commencing within 60 days of closing. All construction is scheduled to be completed by April 2021.

Tenants are expected to be temporarily relocated for approximately 12 weeks during each phase of the rehabilitation.

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

**COPY OF NOTICE**

Notice Type: GPN GOVT PUBLIC NOTICE  
Ad Description: TEFRA Ad; Eastern Park Apartments

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):

08/29/2018

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.

EXM# 3168690

**NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that on Thursday, September 13, 2018, at 9:00 a.m., in the Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5<sup>th</sup> 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 ninety-five million dollars (\$95,000,000). The proceeds of the Bonds will be loaned to Eastern Park Apartments, LP (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 rehabilitation of approximately 202 units of residential rental housing for persons or families of low or very low income located at 711 Eddy Street, San Francisco, California 94109 (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 Jennifer M. Collins, Mayor's Office of Housing and Community Development, at the address indicated above.  
Date: August 29, 2018  
CITY AND COUNTY OF SAN FRANCISCO  
Mayor's Office of Housing and Community Development



# Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2018 SEP 10 Time 3:15  
or meeting date

BY 

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. Topic 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):

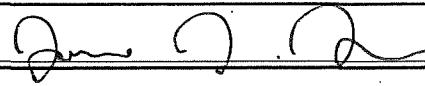
Kim

Subject:

Multifamily Housing Revenue Bonds - 711 Eddy Street, San Francisco, California 94109 (Eastern Park Apartments)  
- Not to Exceed \$95,000,000

The text is listed:

Attached

Signature of Sponsoring Supervisor: 

For Clerk's Use Only