

1 [Multifamily Housing Revenue Bonds - 401 Avenue of the Palms (Maceo May Apartments) -
2 Not to Exceed \$50,000,000]

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 \$50,000,000 for 401**
9 **Avenue of the Palms (Parcel C3.2 of the Treasure Island Master Plan) (Maceo May**
10 **Apartments); authorizing and directing the Director to direct the Controller’s Office to**
11 **hold in trust an amount not to exceed \$100,000 in accordance with CDLAC procedures;**
12 **authorizing the Director to certify to CDLAC that the City has on deposit the required**
13 **amount; authorizing the Director to pay an amount equal to such deposit to the State of**
14 **California if the City fails to issue the residential mortgage revenue bonds; approving,**
15 **for purposes of the Internal Revenue Code of 1986, as amended, the issuance and sale**
16 **of residential mortgage revenue bonds by the City in an aggregate principal amount**
17 **not to exceed \$50,000,000; authorizing and directing the execution of any documents**
18 **necessary to implement this Resolution; and ratifying and approving any action**
19 **heretofore taken in connection with the Project, as defined herein, and the Application,**
20 **as defined herein.**

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

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

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

18 WHEREAS, Maceo May Apts, L.P., a California limited partnership (or another entity of
19 which one or more of the general partners is Chinatown Community Development Center,
20 Inc., CCDC Maceo May Apts LLC, Swords to Plowshares: Veterans Rights Organization, or
21 an affiliate or successor of any of them) (the “Borrower”) desires to develop and construct a
22 105-unit affordable residential rental housing development (“Project”); and

23 WHEREAS, The Project is to be situated on an approximately 0.74-acre parcel
24 identified as Parcel C3.2 in the Treasure Island Master Plan, and while the current street
25 address is 401 Avenue of the Palms, San Francisco, California, the westernmost border of the

1 parcel is approximately 500 feet northeast of the intersection of Avenue of the Palms and 5th
2 Street (after new streets are constructed, the parcel will be located at the corner of Seven
3 Seas Avenue and Cravath Street, and will eventually have a new street address on Cravath
4 Street); and

5 WHEREAS, The Developer has requested that the City assist in the financing of the
6 Project through the issuance of one or more series of tax-exempt mortgage revenue bonds
7 (“Bonds”); and

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

10 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
11 \$50,000,000 and to loan the proceeds of the Bonds to the Developer (“Loan”) to finance a
12 portion of the costs of the Project; and

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

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

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

22 WHEREAS, The interest on the Bonds may qualify for tax exemption under Section
23 103 of the Internal Revenue Code of 1986, as amended (“Code”), only if the Bonds are
24 approved in accordance with Section 147(f) of the Code; and

25 WHEREAS, The City now wishes to approve the issuance of the Bonds in order to

1 satisfy the public approval requirements of Section 147(f) of the Code; and

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

3 WHEREAS, On June 17, 2019, the City caused a notice stating that a public hearing
4 with respect to the issuance of the Bonds would be held by the Mayor’s Office of Housing and
5 Community Development on June 26, 2019, published in the Notices section of the Mayor’s
6 Office of Housing and Community Development website (at <https://sfmohcd.org/notices-0>);
7 and

8 WHEREAS, The Mayor’s Office of Housing and Community Development held the
9 public hearing described above on June 26, 2019, and an opportunity was provided for
10 persons to comment on the issuance of the Bonds and the Project; and

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

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

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

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

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 (0.5%) of the amount of allocation requested not to exceed \$100,000; 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 \$50,000,000.

23 Section 6. This Board of Supervisors, as the applicable elected representative of the
24 governmental unit having jurisdiction over the area in which the Project is located, hereby
25 approves the issuance of the Bonds to finance a portion of the costs of the Project, for

1 purposes of Section 147(f) of the Code.

2 Section 7. This approval of the issuance of the Bonds by the City is neither an
3 approval of the underlying credit issues of the proposed Project nor an approval of the
4 financial structure of the Bonds.

5 Section 8. The Board of Supervisors hereby authorizes the Director of the Mayor’s
6 Office of Housing and Community Development, including any acting or interim director, or
7 such person’s designee (“Director”), on behalf of the City, to submit an application
8 (“Application”), and such other documents as may be required, to CDLAC pursuant to
9 Government Code Section 8869.85 for an allocation for the Project of a portion of the state
10 ceiling for private activity bonds in a principal amount not to exceed \$50,000,000.

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

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

19 Section 11. The officers and employees of the City, including 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

1 submission of the application to CDLAC, are hereby ratified and approved.

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

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

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8 By: _____

9 KENNETH DAVID ROUX
10 Deputy City Attorney
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