File No. 200675

Committee Item No. 9 Board Item No. 20

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee:	Budget & Finance Committee	Date	July 15, 2020		
Board of Su	pervisors Meeting	Date _	July 21, 2020		
Board of Supervisors Meeting DateJuly 21, 2020 Cmte Board					
OTHER	(Use back side if additional space is	needed))		
	TEFRA Hearing Notice				
Completed by:Linda WongDateJuly 10, 2020Completed by:Linda WongDateJuly 17, 2020					

RESOLUTION NO.

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[Multifamily Housing Revenue Bonds - 1000 Market Street (San Cristina Hotel) - Not to Exceed \$30,000,000]

Resolution declaring the intent of the City and County of San Francisco ("City") to 3 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 \$30,000,000 to finance 9 the acquisition and rehabilitation of the San Cristina apartments at 1000 Market Street; 10 authorizing and directing the Director to direct the Controller's Office to hold in trust an amount not to exceed \$100,000 in accordance with CDLAC procedures; authorizing the 11 12 Director to certify to CDLAC that the City has on deposit the required amount; 13 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 \$30,000,000 to finance the acquisition and rehabilitation of the San Cristina apartments; authorizing and directing the execution of any documents 18 19 necessary to implement this Resolution as defined herein; and ratifying and approving 20 any action heretofore taken in connection with the Project, as defined herein, and the 21 Application, as defined herein.

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WHEREAS, The Board of Supervisors of the City and County of San Francisco ("Board
of Supervisors"), after careful study and consideration, has determined that there is a
shortage of safe and sanitary housing within the City and County of San Francisco ("City"),

particularly for low and moderate income persons, and that it is in the best interest of the
residents of the City and in furtherance of the health, safety, and welfare of the public for the
City to assist in the financing of multi-family rental housing units; and

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

WHEREAS, San Cristina LP, a California limited partnership (or an affiliate thereof or
 successor thereto) (the "Borrower") desires to acquire and rehabilitate a 58-unit affordable
 residential rental housing development located at 1000 Market Street, San Francisco,

22 California 94102 ("Project"); and

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

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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 \$30,000,000 and to loan the proceeds of the Bonds to the Borrower ("Loan") to finance the 4 5 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 Project from the proceeds of the Bonds; and 11 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 103 of the Internal Revenue Code of 1986, as amended ("Code"), only if the Bonds are 16 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 May 19, 2020, the City caused a notice stating that a public hearing with respect to the issuance of the Bonds would be held by the Mayor's Office of Housing and 22 23 Community Development on May 27, 2020, published in the Notices section of the Mayor's 24 Office of Housing and Community Development website (at https://sfmohcd.org/notices-0); 25 and

WHEREAS, The Mayor's Office of Housing and Community Development held the
 public hearing described above on May 27, 2020, and an opportunity was provided for
 persons to comment on the issuance of the Bonds and the Project; and

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

7 WHEREAS, Section 146 of the Code limits the amount of tax-exempt private activity 8 bonds, which include qualified mortgage bonds, that may be issued in any calendar year by 9 entities within a state and authorizes the legislature of each state to provide the method of 10 allocating authority to issue tax-exempt private activity bonds within the respective state; and WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State 11 12 of California governs the allocation in the State of California of the state ceiling established by 13 Section 146 of the Code among governmental units in the State having the authority to issue 14 tax-exempt private activity bonds; and

- WHEREAS, Section 8869.85(b) of the Government Code requires that a local agency
 file an application for a portion of the state ceiling with or upon the direction of the California
 Debt Allocation Committee ("CDLAC") prior to the issuance of tax-exempt private activity
 bonds, including qualified mortgage bonds; and
- WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to
 certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent
 (0.5%) of the amount of allocation requested not to exceed \$100,000; now, therefore, be it
 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
 follows:

24 <u>Section 1</u>. The Board of Supervisors finds and determines that the foregoing recitals
 25 are true and correct.

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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 Borrower for actual expenditures 10 made by the Borrower on the Project. Section 4. On the date of the expenditure to be reimbursed, all reimbursable costs of 11 12 the Project will be of a type properly chargeable to a capital account under general federal 13 income tax principles.

Section 2. The Board of Supervisors adopts this Resolution for purposes of

14 <u>Section 5</u>. The maximum principal amount of debt expected to be issued for the Project
 15 is \$30,000,000.

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

<u>Section 7</u>. This approval of the issuance of the Bonds by the City is neither an
 approval of the underlying credit issues of the proposed Project nor an approval of the
 financial structure of the Bonds.

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

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Government Code, Section 8869.85 for an allocation for the Project of a portion of the state
 ceiling for private activity bonds in a principal amount not to exceed \$30,000,000.

Section 9. An amount equal to one-half of one percent (0.5%) of the amount of the
 CDLAC allocation requested for the Project, not to exceed \$100,000 ("Deposit"), is hereby
 authorized to be held on deposit in connection with the Application and the applicable CDLAC
 procedures, and the Director is authorized to certify to CDLAC that such funds are available.
 Section 10. If the City receives a CDLAC allocation for the Project and the Bonds are

not issued, the Mayor's Office of Housing and Community Development is hereby authorized
to cause an amount equal to the Deposit to be paid to the State of California, if and to the
extent required by CDLAC.

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

18 <u>Section 12</u>. This Resolution shall take effect from and after its adoption by the Board
 19 and approval by the Mayor.

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21 APPROVED AS TO FORM:
DENNIS J. HERRERA
22 City Attorney

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 By: <u>/s/ Kenneth David Roux</u>
 KENNETH DAVID ROUX Deputy City Attorney
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> Mayor Breed BOARD OF SUPERVISORS

Project Description

Multifamily Securities Program City and County of San Francisco

San Cristina

Overview

The funds described in the "Financing Structure" section below will be used to finance the acquisition and rehabilitation of the San Cristina, a 58-unit affordable multifamily housing project located at 1000 Market Street, 94102 in the City and County of San Francisco (the "Project"). The project is part of a RAD 2.0 contract conversion with HUD/SFHA, which allowed for higher rents prior to the rehabilitation.

Following rehabilitation the Project will include approximately 39,960 square feet of gross floor area, comprised of ground floor resident serving community space, supportive services area and property management offices and the upper floors are exclusively residential spaces with common bathrooms, shower rooms, kitchens and single room occupancy units.

Total project costs, including the cost to acquire the land and rehabilitate existing buildings, will be approximately **\$52,508,176**, or **\$905,313** per dwelling unit.

The residential unit distribution, which will not include an onsite manager's unit given the 24-hour front desk clerk, is:

Unit type	Number of units				
Studio	58				

Forty-five (45%) percent of the residential units will serve households earning less than 50% percent of the San Francisco County Area Median Income (AMI), while the balance of units will target 25 percent of state AMI. An existing RAD rental subsidy contract requires all tenant referrals to be formerly homeless adults.

Residents

No residents will be displaced as all residents will have the right to return after any temporary relocation that might be required. The residential relocation phasing will require each residential floor to vacate entirely starting from the fourth floor and moving down to the second floor. The basement and sidewalk improvements will occur concurrently with the other residential work. Offsite relocation will be required due to the elevator modernization work and additional space will be reserved for visiting site staff, including resident services staff.

Site Description and Scope of Work

Address:	1000 Market Street, San Francisco, CA 94102
Block/Lot:	0350/010

The scope of work for the rehabilitation will include:

- Exterior preservation and repairs, including the historic parapet, cornice and fenestration
- Elevator modernization
- Upgrade of all communal bathrooms, shower rooms and kitchens

- New HVAC system, waste/fresh water lines
- New community rooms
- Relocation and upgrade of staff offices
- Staff break room
- New residential unit fixtures and finishes
- Energy improvements

Development and Management Team

Project Sponsor:	Community Housing Partnership
General Contractor:	FineLine Construction
Architect of Record:	MEI Architects / AE3 Partners, a Joint Venture
Property Manager:	Community Housing Partnership

Project Ownership Structure

Borrower Entity:	San Cristina, L.P.
Managing General Partner/	
Managing Member:	CHP San Cristina LLC/Community Housing Partnership

An investor limited partner will own a 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 Community Housing Partnership;
- refinanced HCD LPR CHRP-R loan;
- HCD Supportive Housing MHP loan;
- Federal Home Loan Bank AHP loan;
- deferred developer fee;
- existing contributed reserves as GP capital;
- income from operations;
- a conventional first mortgage; and
- amended and restated soft debt from the City, plus a CDBG predevelopment loan.

The sale of LIHTC will generate equity financing for the Project. The amount of private activity taxexempt 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 by January 2021, with construction commencing within seven days of closing. All construction is scheduled to be completed by July 2022.

Tenants are expected to be temporarily relocated for approximately 12-16 weeks while each floor is rehabilitated. Some tenants may need to relocate offsite depending on unit availability since units will be taken offline going from the 4th floor to the 2nd floor. Mobility impaired residents will likely be relocated offsite for a longer time period, but less than one year, due to the elevator modernization.

Narrative Description of Project Sponsor Experience

Founded in 1990, CHP is an award-winning San Francisco nonprofit dedicated to helping people experiencing homelessness secure housing and become self-sufficient. CHP believes that by providing high quality housing and delivering comprehensive services we can empower formerly homeless individuals and families to rebuild their lives. CHP develops supportive residential properties and maintains them with high-quality property management services. CHP currently owns, manages and/or provides support services in 17 buildings in San Francisco – a total of over 1,300 units, with 299 more in predevelopment. Together they house more than 1,500 formerly homeless individuals. CHP also delivers comprehensive services to its residents. Through individualized case management, employment programs, health services, youth and family programs, and civic engagement initiatives, CHP helps residents become active members of their community.

CERTIFICATE OF TEFRA PUBLICATION San Cristina Apartments

This Certificate of Publication is executed this day for the purposes of demonstrating compliance with Section 147(f) of the Internal Revenue Code of 1986, as Amended (the "Code") and applicable Treasury Regulations (the "Regulations"). The undersigned, as a duly qualified and appointed representative of the **City and County of San Francisco** (the "Issuer"), hereby certifies as follows:

1. A Notice of Public Hearing, attached as <u>Exhibit A</u>, with respect to the issuance of tax-exempt bonds/obligations (the "Bonds") of the Issuer for the benefit if the project described therein (the "Project") was published on the Issuer's primary website address of https://sfmohcd.org/notices-0 on **May 19, 2020.**

2. The Notice of Public Hearing was posted in an area of the Issuer's website that is used to inform its residents about events affecting the residents and which is clearly identified and accessible to members of the general public seeking information concerning the issuance of the Bonds and the Project.

3. Evidence of the website publication of the Notice of Public Hearing is attached hereto as <u>Exhibit B.</u> This Issuer will maintain records showing that the Notice of Public Hearing containing the requisite information was timely posted on the Issuer's website.

4. The Notice of Hearing remained published on the Issuer's website for a period of eight (8) consecutive days and the Issuer held the hearing as described in the Notice of Public Hearing on Wednesday, May 27, 2020 at 3:00PM.

5. Following the hearing, the Issuer submitted the request for approval of the Issuance of the Bonds and Project to the applicable elected representative of the Issuer as required by Section 147(f) of the Code and the Regulations.

Dated: Wednesday, May 27, 2020 at 3:00PM

CITY AND COUNTY OF SAN

L Win By:

Name: Viviana Lopez Title: Project Manager Mayor's Office of Housing and Community Development

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on Wednesday, May 27th at 3:00 p.m., by telephone at 1(888)808-6929, access code: 9193841, 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 one or more multifamily affordable housing mortgage revenue bond issues (collectively, the "Bonds") in the respective maximum aggregate principal amounts set forth in the table below. The proceeds of each such issue of the Bonds will be loaned to the respective borrower/owner entity set forth in the table below (or an affiliate thereof or successor thereto) (each, a "Borrower"), or another entity to be formed by its general partner, as set forth in the table below, pursuant to a loan agreement (each, a "Loan Agreement") between the City and the applicable Borrower. The proceeds of each issue of the Bonds will be used by the applicable Borrower to finance the acquisition and rehabilitation, or the new construction, of the respective residential rental housing facility described in the table below. Each Project is or will be located in San Francisco, California at the address set forth in the table below.

<u>Max.</u> <u>Amount</u>	Borrower/Owner	<u>General Partner</u>	<u>Type of Project</u>	<u>No. of</u> <u>Units</u>	<u>Street Address</u>
\$75,000,000	4840 Mission Housing Associates LP	Bridge Housing	New Construction	137	4840 Mission Street San Francisco, CA 94112
\$62,000,000	Shipyard 5254, L.P.	Bayview Hunters Point Multipurpose Senior Services (BHPMSS) & McCormack Baron Salazar (MBS)	New Construction	112	151 & 351 Friedell Street, San Francisco, CA 94124
\$30,000,000	San Cristina, L.P.	Community Housing Partnership	Acquisition/Rehab	58	1000 Market Street San Francisco, CA 94102
\$40,000,000	Through Line, L.P.	Chinatown Community Development Center	Acquisition/Rehab	88	1204 Mason Street, San Francisco, CA 94108; 777 Broadway and 1525-1529 Grant Avenue, San Francisco, CA 94133

Each issue of the Bonds will be paid entirely by the applicable Borrower from the revenues of the applicable Project, in accordance with the applicable 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 any of 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 any of 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.

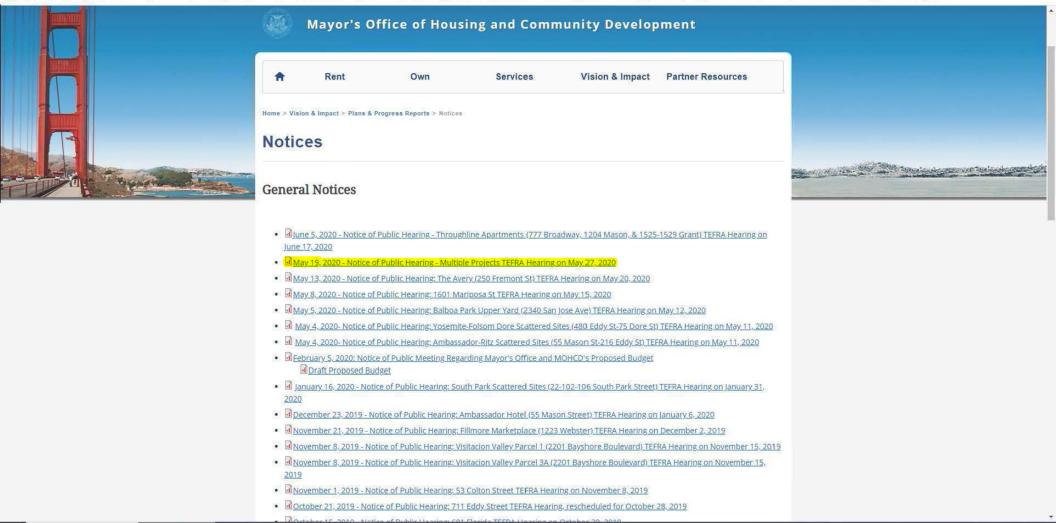
All those interested in matters related to the issuance of any of the Bonds and to the financing of any of the Projects are invited to attend and be heard at this hearing by telephone only. Interested parties may call into the hearing at the time and number indicated above or submit written comments, which must be received prior to the Public Hearing, to the City, c/o Christina Mun, Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103.

Date: May 19, 2020

CITY AND COUNTY OF SAN FRANCISCO Eric D. Shaw, Director Mayor's Office of Housing and Community Development

EXHIBIT B

EVIDENCE OF PUBLICATION



CITY AND COUNTY OF SAN FRANCISCO

Public Hearing as required by Section 147(f) of the Internal Revenue Code of 1986

1000 Market Street

Date:	May 27, 2020
Time:	3:00 p.m.
Location:	Mayor's Office of Housing and Community Development (MOHCD) City and County of San Francisco 1 South Van Ness Avenue, 5 th Floor, Room 5084 San Francisco, CA 94103
Present:	Mara Blitzer, MOHCD Christina Mun, MOHCD Viviana Lopez, MOHCD Serena Calloway, CHP

The hearing was held to obtain public comment on the proposed issuance by the City and County of San Francisco of multifamily housing revenue bonds in an amount not to exceed <u>\$30 million</u> for the purpose of financing the rehabilitation of a 58 - unit residential rental housing development located at 1000 Market Street in San Francisco. The development will be owned by San Cristina, L.P., a California limited partnership formed by the Community Housing Partnership (CHP), or any successor thereto.

The public hearing was convened at 3:00 p.m. There were no written comments received on the proposed issuance. Except for representatives from the Mayor's Office of Housing and Community Development (Mara Blitzer, Director of Housing Development, Christina Mun, Bond Program Manager, and Viviana Lopez, Project Manager) and the project sponsors (Serena Calloway, Community Housing Partnership), there were no persons present wishing to comment on the proposed issuance or on the project. The hearing was adjourned at 3:30 p.m.

Minutes prepared by: _____

Date: June 3, 2020

San Cristina Apartments 1049 Market Street, San Francisco, CA 94103 TEFRA Hearing (via telephone) SIGN-IN SHEET Wednesday, May 27, 2020

<u>Name</u>	Organization	Fax	Phone	Email
Serena Calloway	Community Housing Partnership	415-749-2791	415-852-5341	serena.calloway@chp-sf.org
Viviana Lopez	MOHCD	415-701-5501	415-701-4324	viviana.lopez@sfgov.org
Mara Blitzer	МОНСД	415-701-5501	415-701-5544	mara.blitzer@sfgov.org
Christina Mun	MOHCD	415-701-5501	415-701-5679	christina.mun@sfgov.org