

1 [Multifamily Housing Revenue Bonds - 1801-25th Street (Potrero Block B HOPE SF) - Not to
2 Exceed \$122,015,143]

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 in an**
5 **aggregate principal amount not to exceed \$122,015,143; authorizing the Director of the**
6 **Mayor’s Office of Housing and Community Development (“Director”) to submit an**
7 **application and related documents to the California Debt Limit Allocation Committee**
8 **(“CDLAC”) to permit the issuance of residential mortgage revenue bonds in an**
9 **aggregate principal amount not to exceed \$122,105,143 for 1801-25th Street;**
10 **authorizing and directing the Director to direct the Controller’s Office to hold in trust an**
11 **amount not to exceed \$100,000 in accordance with CDLAC procedures; authorizing the**
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; authorizing**
15 **and directing the execution of any documents necessary to implement this Resolution,**
16 **as defined herein; and ratifying and approving any action heretofore taken in**
17 **connection with the Project, as defined herein, and the Application, as defined herein.**

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19 WHEREAS, The Board of Supervisors of the City and County of San Francisco (“Board
20 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 (“City”),
22 particularly for low and moderate income persons, and that it is in the best interest of the
23 residents of the City and in furtherance of the health, safety, and welfare of the public for the
24 City to assist in the financing of multi-family rental housing units; and

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

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

16 WHEREAS, Potrero Housing Associates II LP, a California limited partnership (or an
17 affiliate thereof or successor thereto) (the “Borrower”) desires to construct or rehabilitate an
18 157-unit affordable residential rental housing development located at 1801 25th Street, San
19 Francisco, CA 94107 (“Project”); and

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

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

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1 WHEREAS, The City intends to issue the Bonds in an amount not to exceed
2 \$122,015,143 and to loan the proceeds of the Bonds to the Borrower (“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 Project is located wholly within the City; 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 Borrower for actual expenditures
17 made by the Borrower 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 \$122,015,143.

23 Section 6. This resolution is neither an approval of the underlying credit issues of the
24 proposed Project nor an approval of the financial structure of the Bonds.

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1 Section 7. The Board of Supervisors hereby authorizes the Director of the Mayor’s
2 Office of Housing and Community Development, including any acting or interim director, or
3 such person’s designee (“Director”), on behalf of the City, to submit an application
4 (“Application”), and such other documents as may be required, to CDLAC pursuant to
5 Government Code, Section 8869.85 for an allocation for the Project of a portion of the state
6 ceiling for private activity bonds in a principal amount not to exceed \$122,015,143.

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

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

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

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

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

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7 By: /s/ HEIDI J. GEWERTZ
8 HEIDI J. GEWERTZ
9 Deputy City Attorney
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