

File No. 210033

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date January 27, 2021

Board of Supervisors Meeting

Date _____

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| <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 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 |
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| <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 |
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Completed by: Linda Wong Date January 19, 2021

Completed by: Linda Wong Date _____

1 [Multifamily Housing Revenue Bonds - 1360-43rd Avenue (Shirley Chisholm Village) - Not to
2 Exceed \$108,000,000]

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 in an**
5 **aggregate principal amount not to exceed \$108,000,000; 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 \$108,000,000 for 1360-43rd Avenue (Shirley**
10 **Chisholm Village); authorizing and directing the Director to direct the Controller's**
11 **Office to hold in trust an amount not to exceed \$100,000 in accordance with CDLAC**
12 **procedures; authorizing the Director to certify to CDLAC that the City has on deposit**
13 **the required amount; authorizing the Director to pay an amount equal to such deposit**
14 **to the State of California if the City fails to issue the residential mortgage revenue**
15 **bonds; authorizing and directing the execution of any documents necessary to**
16 **implement this Resolution; and ratifying and approving any action heretofore taken in**
17 **connection with the Project, as defined herein, and the Application, as defined herein.**

18
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
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 ("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, MP Francis Scott Key 2 Associates, L.P., a California limited partnership
17 (or an affiliate thereof or successor thereto) (the "Borrower") desires to construct or
18 rehabilitate an 135-unit affordable residential rental housing development located at 1360
19 43rd Avenue, San Francisco, CA 94122 ("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 \$108,000,000 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 \$108,000,000.

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

APPROVED AS TO FORM:
DENNIS J. HERRERA
City Attorney

By: /s/ HEIDI J. GEWERTZ
HEIDI J. GEWERTZ
Deputy City Attorney
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Project Description
Multifamily Securities Program
City and County of San Francisco

Shirley Chisholm Village
(formerly known as Francis Scott Key Annex)

Overview

The funds described in the “Financing Structure” section below will be used to finance the development of Shirley Chisholm Village, a 135 -unit affordable multifamily housing project to be located at 1360 43rd Avenue, 94122 in the City and County of San Francisco (the “Project”). The land is currently owned by the San Francisco Unified School District and will be ground leased to the Borrower for the development of the project.

Upon completion, the Project will include approximately 165,266 square feet of gross floor area, comprised of 141,351 square feet of residential area and 23,915 square feet of non-residential area. Non-residential spaces will include a neighborhood space, office space leased to a non-profit organization as the commercial tenant, and residential parking garage.

Total project costs, including the cost to demolish existing and construct new buildings, will be approximately \$122 million , or \$901,000 per dwelling unit.

The residential unit distribution, which will include 1 two-bedroom superintendent unit and included in the below, is:

<u>Unit type</u>	<u>Number of units</u>
Studio	24
1-Bedroom	43
2-Bedroom	59
3-Bedroom	9
4-Bedroom	0

100 percent of the residential units will serve households earning less than 120 percent of the San Francisco County Area Median Income (AMI).

Residents

No residents will be displaced as the site is currently owned by the San Francisco Unified School District with no residents living onsite. The lot was used for programs held onsite, but these programs have been relocated to new locations and the site will be fully vacated of personal property before construction start.

Site Description and Scope of Work

Address: 1360 43rd Avenue, San Francisco, CA 94122 (note - this is the new address that was recently approved)
Block/Lot: Block 1797

The scope of work for the construction will include:

- Construction of 135 new units and 48 onsite parking spaces
- Onsite residential amenities to include following: secured vehicle and bicycle parking, fitness center, community room, After-School Program Room, and outdoor courtyard with play equipment.
- Publicly accessible amenities to include outdoor publicly accessible open space

Development and Management Team

Project Sponsor:	MidPen Housing Corporation
General Contractor:	Cahill Contractors LLC
Architect of Record:	BAR Architects
Property Manager:	MidPen Property Management Corporation

Project Ownership Structure

Borrower Entity:	MP Francis Scott Key 2 Associates, L.P.
Managing General Partner:	MP Francis Scott Key 2, LLC

An investor TBD 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);
- Tranche C Surplus Cash Loan;
- a conventional first mortgage; and
- soft debt from the City.

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 between October 1, 2021 and October 15, 2021, with construction commencing within 7 days closing. All construction is scheduled to be completed by August 15, 2023.

Narrative Description of Project Sponsor Experience

MidPen Housing is one of the nation's leading non-profit developers, owners and managers of high-quality affordable housing. In the 50 years since MidPen was founded, MidPen has developed over 100

communities and over 8,500 homes for low-income families, seniors and special needs individuals throughout Northern California. MidPen's developments are award-winning and nationally recognized.

MidPen's core expertise includes the following:

Real Estate Development: extensive experience in site acquisition and planning, entitlements, community outreach, design and construction management.

Financing: a solid track record in securing both public and private funding and proven expertise in positioning projects for long-term financial sustainability.

Property and Asset Management: quality management and appropriate capital investments that ensure sustainable operations and maintain our portfolio's long-term value.

Resident Services: comprehensive on-site support services and programs to help our residents advance, all delivered through our staff and a network 200 service provider partners.

MidPen Housing Corporation will serve as both Developer, Owner (of improvements), Property Manager, and primary Services Provider for the Shirley Chisholm Village project.