Resolution approving the issuance and sale of tax-exempt bonds by the California Statewide Communities Development Authority in an aggregate principal amount not to exceed $20,000,000 for the financing of the acquisition and rehabilitation of the La Salle Apartments.

WHEREAS, The California Statewide Communities Development Authority (the "Authority"), proposes to issue multifamily housing revenue bonds (the "Bonds") in an amount not to exceed $20,000,000 and to lend the proceeds thereof to La Salle Preservation, L.P., a California limited partnership (the "Borrower"), to be used for the acquisition and rehabilitation by the Borrower of a 145-unit apartment project known as the La Salle Apartments (the "Project") located at 30 Whitfield Court in the City and County of San Francisco, California (the "City"), all to be owned and operated by the Borrower or an entity related thereto or a partner thereof; and,

WHEREAS, The issuance and delivery of the Bonds shall be subject to the approval of and execution by the Authority of all financing documents relating thereto to which the Authority is a party and subject to the sale of the Bonds by the Authority; and,

WHEREAS, The issuance and delivery of the Bonds as tax-exempt obligations shall also be subject to the approval of the California Debt Limit Allocation Committee ("CDLAC"); and,

WHEREAS, If and when the Bonds are issued, the Bond documents will require the Project to meet certain affordability requirements for 55 years, including (i) a provision that 90% of the units upon turnover shall be restricted to tenants with incomes at or below 60% of area median income and 40% of the units be restricted to tenants with incomes at or below...
below 50% of area median income (ii) a provision, consistent with applicable HUD regulations and CDLAC requirements, that any rent increase in any one year for an existing tenant not assisted by the federal Section 8 program shall not exceed such tenant’s prior rent adjusted by the total annual percentage increase in median income for each year between Bond issuance and such year, subject to CDLAC-approved income and rent limitations;

WHEREAS, For purposes of clause (ii) of the preceding sentence, a tenant’s prior rent is equal to such tenant’s rent during the year immediately preceding the issuance of the Bonds; and,

WHEREAS, If and when the Bonds are issued, the Bond regulatory agreement will include a covenant by the Borrower that it will continue to seek to renew its federal project-based Section 8 rental assistance contract, which establishes rents at 30% of tenant incomes, for so long as, and up to the full extent that, such program is available for the Project; and,

WHEREAS, If and when the Bonds are issued, the Bond regulatory agreement will include a further covenant, consistent with applicable HUD regulations and CDLAC requirements, that no existing tenant whose income would exceed the proposed standard of 60% of area median income at the time of the closing of the Bonds will be evicted in connection with the closing or any subsequent annual income recertification solely because of any change in the applicable income standard; and,

WHEREAS, If and when the Bonds are issued, the Bond regulatory agreement will reflect the following agreements by the Borrower with respect to the Project:

(a) The Borrower shall be bound by the nondiscrimination provisions of San Francisco Administrative Code Section 12B.2(a), shall include such provisions in all of the Borrower’s contracts and shall require its contractors to include such provisions in all subcontracts; and
(b) The Borrower shall obtain certification from the City's Human Rights Commission that it does not engage in discrimination in the provision of benefits described in San Francisco Administrative Code Section 12.B.2(b), and the Borrower shall use good faith efforts to obtain such a commitment from its prime construction contractor; and

(c) The Borrower shall require the payment of prevailing wages for construction work, as that term is defined in Section 6.1(H) of the San Francisco Administrative Code and as such payments are confirmed by the City's Office of Labor Standards Enforcement, and shall notify all unions with whom its prime contractor has agreements of the Borrower's and the prime contractor's commitments with respect to prevailing wage, non-discrimination, equal benefits, minimum compensation, first source hiring and job-training; and

(d) In addition to the provisions of paragraph (c) above, the Borrower shall require in its contracts, and that its contractors include in their subcontracts, a requirement that all employees shall receive (i) minimum gross compensation of $10.77 per hour, with an annual raise of 2.5%, (ii) compensated and uncompensated time off as described in and consistent with San Francisco Administrative Code Section 12P.3(b) and (c), and (iii) health plan benefits substantially consistent with the City's Health Care Accountability Ordinance; and

(e) Consistent with the City's Disadvantaged Business Enterprise Ordinance, the Borrower shall use its good faith efforts to have 50% of its contractors (other than its contract with its prime construction contractor) be disadvantaged business enterprises as that term is defined in San Francisco Administrative Code Section 14A.4 ("DBEs"), with a first preference for DBEs located in the Bayview Hunters Point Project Area, and shall also require its prime construction contractor to use good faith efforts to have 50% of its subcontractors be DBEs, with a first preference for DBEs located in the Bayview Hunters Point Project Area; and
(f) The Borrower shall require that its prime contractor participate in, and include in subcontracts a provision that all of its subcontractors participate in, the City's First Source hiring and training program with a goal that 50% of the individuals hired be residents of San Francisco, and with a first preference for residents of the Bayview Hunters Point Project Area, all pursuant to agreements that are consistent with the requirements of Chapter 83 of the San Francisco Administrative Code; and

(g) The Borrower shall comply with all federal, state and local laws and regulations applicable to the Project; and,

WHEREAS, The Bond Documents shall provide that the agreements by the Borrower, on behalf of itself and its contractors and subcontractors, as described in the foregoing WHEREAS clause, shall not apply to any contracts the Borrower has for the Project as of the date this Resolution is adopted by the Board of Supervisors; and,

WHEREAS, Such pre-existing agreements consist of an agreement for architectural services with Gelfand Partners and other agreements, a list of which shall be provided to the City prior to the adoption of this Resolution by the Board of Supervisors; and

WHEREAS, The Borrower has agreed to establish a residents' community advisory committee on or before 30 days after the effective date of this Resolution to facilitate communication with the Project tenants and other community members regarding the Borrower's rehabilitation and administration of the Project and has agreed further to maintain such committee until construction of the Project is complete; and,

WHEREAS, Section 9 of the Authority's Joint Exercise of Powers Agreement (the "Agreement") requires that any project proposed to be financed with Authority bonds that is located within the jurisdiction of one of the Authority's members must receive the prior approval of the governing body of such member or such body's duly authorized
representative, after the submission of the project sponsor's application for Authority financing
to such governing body; and,

WHEREAS, Such application for Authority financing is on file with the Clerk of the
Board of Supervisors in File No. 060867, which is hereby declared to be a part of this
resolution as if set forth fully herein; and,

WHEREAS, The Project is located wholly within the City and County of San Francisco
(the "City"); and,

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

WHEREAS, The Board of Supervisors of the City (the "Board") is the elected legislative
body of the City and is one of the applicable elected representatives required to approve the
issue within the meaning of Section 147(f) of the Code; and,

WHEREAS, The Authority has requested the Board to approve the issuance and sale
of the Bonds in order to satisfy the public approval requirements of Section 147(f) of the Code; and,

WHEREAS, On May 26, 2006, the City caused a notice to appear in the San Francisco
Examiner, which is a newspaper of general circulation in the City, stating that a public hearing
with respect to the issuance of the Bonds would be held by the City's Office of Public Finance
on June 9, 2006; and

WHEREAS, The Office of Public Finance held the public hearing described above on
June 9, 2006, and an opportunity was provided for persons to comment on the issuance and
sale of the Bonds and the plan of financing for the Project;
WHEREAS, The Borrower represents that (i) it will pursue additional financing for the Project in the form of an allocation of 4% tax credits from the California Tax Credit Allocation Committee ("CTCAC"), and (ii) if this Resolution and similar resolutions for properties commonly known as Shoreview, All Hallows Gardens and Bayview Apartments (the "Related Projects") are adopted by the Board of Supervisors no later than August 15, 2006 and continue in effect thereafter, Borrower will withdraw its application for an allocation of 9% tax credits from CTCAC for the Bayview Apartments project; now, therefore be it

RESOLVED, That this Board hereby finds and declares the above recitals are true and correct; and, be it

FURTHER RESOLVED, That this Board hereby approves the issuance and sale of the Bonds with respect to the Project by the Authority; and, be it

FURTHER RESOLVED, That it is the purpose and intent of this Board that this Resolution constitute approval of the issuance of the Bonds by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located for the purposes of and in accordance with Section 147(f) of the Code and Section 9 of the Agreement; and, be it

FURTHER RESOLVED, That the approval of the issuance and sale of the Bonds by the Authority is neither an approval of the underlying credit issues of the proposed Project nor an approval of the financial structure of the Bonds; and, be it

FURTHER RESOLVED, That the Bonds shall not constitute a debt or obligation of the City and the payment of the principal, prepayment premium, if any, and purchase price of and interest on the Bonds shall be solely the responsibility of Borrower; and, be it

FURTHER RESOLVED, The adoption of this Resolution shall not obligate (i) the City to provide financing to the Borrower for the acquisition, rehabilitation and development of the
Project or to issue the Bonds for purposes of such financing; or (ii) the City, or any department of the City, to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project; and, be it

FURTHER RESOLVED, That the regulatory agreement for the Bonds shall incorporate provisions that address (i) the affordability requirements referenced above, (ii) the agreements by the Borrower referenced above in (a) through (f) inclusive under the fourth WHEREAS clause, regarding non-discrimination, prevailing wages, contracting and subcontracting, job-training, and employment, and (iii) the manner in which the City shall have the right to enforce those agreements consistent with its rights of enforcement under applicable provisions of the Administrative Code; and, be it

FURTHER RESOLVED, That this Board supports the Borrower's related application to CTCAC for the allocation of 4% tax credits to the Project and urges the Mayor's Office of Housing to support such application in its role as Local Reviewing Agency, and, be it

FURTHER RESOLVED, That this approval, as well as the approval of similar resolutions for the Related Projects, is conditioned upon Borrower's withdrawal of its application for an allocation of 9% tax credits from CTCAC for the Bayview Apartments project as described in the final WHEREAS clause above; and, be it
FURTHER RESOLVED, That this Resolution shall take effect immediately upon its adoption.

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: [Signature]

MICHAEL J. MARTIN
Deputy City Attorney
Resolution approving the issuance and sale of tax-exempt bonds by the California Statewide Communities Development Authority in an aggregate principal amount not to exceed $20,000,000 for the financing of the acquisition and rehabilitation of the La Salle Apartments.

June 27, 2006 Board of Supervisors — REFERRED: Land Use and Economic Development Committee

August 15, 2006 Board of Supervisors — ADOPTED
Ayes: 10 - Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval
Excused: 1 - Alioto-Pier
I hereby certify that the foregoing Resolution was ADOPTED on August 15, 2006 by the Board of Supervisors of the City and County of San Francisco.

8/17/2006
Date Approved

Gloria L. Young
Clerk of the Board

Mayor Gavin Newsom