

**MAYOR'S OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT
CITY AND COUNTY OF SAN FRANCISCO**



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

May 30, 2013

Supervisor Breed
City and County of San Francisco
Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

RE: Resolution Authorizing Application to the California Debt Limit Allocation Committee for Multifamily Housing Revenue Bonds for 1239 Turk Street, Rosa Parks II Senior Housing

Dear Supervisor Breed,

The Mayor's Office of Housing wishes to forward the attached resolution for introduction at the Board of Supervisors on June 11, 2013, to authorize a bond application for the financing of 1239 Turk Street, Rosa Parks II Senior Housing. The resolution authorizes the Mayor's Office of Housing to submit an application and related documents to the California Debt Limit Allocation Committee (CDLAC) to permit the issuance of qualified mortgage revenue bonds in an amount not to exceed \$30 million for the affordable senior housing. The resolution also documents the noticing of the public hearing to be held on June 3, 2013. Should we receive authority, we would need to return to the Board for permission to actually issue the bonds. Funds generated from the issuance and sale of the bonds would be used to finance construction of the project.

Project Summary

As you know, Rosa Parks II Senior Housing is a proposed 98 unit, five story affordable housing development for seniors, being developed by Tenderloin Neighborhood Development Corporation (TNDC) in partnership with Bethel AME Church. Rosa Parks II will be constructed on the parking lot of the existing senior public housing development, Rosa Parks, owned and operated by the San Francisco Public Housing Authority since 1959. TNDC has a pre-paid 75 year ground lease with the Housing Authority for the development of the parking lot site, and has received a HUD 202 capital advance and project rental assistance for 100% of the units. The development will be managed by TNDC's Property Management, and supportive services will be provided by TNDC's Tenant Services. Bethel AME Church will play a key role in community outreach, identifying needs, development of the ongoing services and community connections for the project.

All units will be restricted to low income senior households (age 62 and above) earning less than 50% of the Area Median Income. The HUD Project Rental Assistance Contract (PRAC) will enable rents to be set at 30% of household income. These units typically are occupied by households earning less than 20% of the Area Median Income. To help San Francisco meet the goals in the *Ten Year Plan to End Chronic Homelessness*, 20 units will be set aside for formerly homeless seniors. Residents for these units will be referred by the Department of Public Health through its Direct Access to Housing Program. DPH will also provide funding for supportive services related to meeting the needs of the formerly homeless seniors.

Financing

The project will be funded by the HUD 202 Capital Advance in the amount of \$15.3 million from the Department of Housing and Urban Development, a grant from the Federal Home Loan Bank Affordable Housing Program, financing from the Mayor's Office of Housing in the amount of \$11.6 million, equity from 4% tax credits, and a CDLAC bond allocation as part of the construction financing sources. Current construction cost estimates have indicated a funding shortfall for which TNDC will return to MOH in August for a gap financing commitment. TNDC plans to submit their HUD 202 Firm Commitment Application in September 2013, and pending receipt of the HUD Firm Commitment, to close all capital financing in January 2014 and start construction soon thereafter.

CDLAC permits "forward commitments" for FHA and HUD mixed finance projects that can be provided to HUD as part of the firm commitment application in lieu of a CDLAC award of allocation, so that there is not a timing problem prior to obtaining the HUD firm commitment. TNDC anticipates that HUD will be ready to close the firm commitment in January 2014. Thus, it is a two step timeline, with TEFRA / Inducement and application occurring now, and bond closing occurring in January of 2014.

The proposed schedule for the CDLAC application is as follows:

- TEFRA Hearing: 6/3/11
- **Introduce TEFFA / Inducement Resolution** 6/11/11
- **Budget & Finance Committee (if needed)** 6/19/13
- **BOS legislation full board** 6/25/13
- Mayor signs 7/5/13
- Submit CDLAC application 7/18/13
- CDLAC Meeting 9/18/13

The Mayor's Office of Housing has previously issued bonds for rental housing. These financings are conduit financings, which do not require the City to pledge repayment of the bonds. Rather, the bondholders' only recourse for payment are the project revenues themselves and the credit enhancement provided by lenders.

In order to meet the July application submittal date, the resolution needs to be introduced at the Board in June, and be considered by the full Board by late June or early July 2013. We would appreciate any assistance you can provide to help meet this schedule.

The attached resolution has been approved as-to-form by Deputy City Attorney Kenneth Roux. I am enclosing a brief description of the project for your review. If you have any questions about the resolution or the project, please contact Anne Romero at 701-5525. Thank you for your assistance.

Sincerely,



Olson Lee
Director

cc: Serena Calloway, TNDC