

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



**EDWIN M. LEE**  
MAYOR

**OLSON LEE**  
DIRECTOR

April 11, 2016

Honorable Jane Kim  
City and County of San Francisco  
Board of Supervisors  
City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

RE: Resolution Authorizing Issuance of Multifamily Housing Revenue Bonds for Transbay Block 7: 222 Beale Street and 255 Fremont Street

With this memo, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, April 12, 2016, a resolution regarding qualified mortgage revenue bonds for 222 Beale Street and 255 Fremont Street or Transbay Block 7 (the "Project"). Mercy Housing California ("Mercy") through their affiliate, Mercy Housing 64 LP, is sponsoring this Project. The resolution would authorize the City to enter into qualified mortgage revenue indebtedness to fund the construction of 120 units of affordable rental housing including one manager's unit. Funds generated from the issuance and sale of the bonds would be used to finance construction of the Project. This is the follow-up legislation to the resolution you sponsored in June 2015 that authorized MOHCD to apply to the California Debt Limit Allocation Committee ("CDLAC") for an allocation of \$35 million for the Project in qualified mortgage revenue indebtedness. The City, on behalf of the project sponsors, received the \$35 million allocation for the Project on September 16, 2015. Funds generated from the issuance and sale of the bonds will be used to finance construction of the Project.

The proposed project will be two eight story buildings on the east and west ends of the block and a row of townhomes in between. The Project will have 120 units (52 1-bedroom units, 45 2-bedroom units, 23 3-bedroom units including 1 manager's unit) and will serve families earning up to 50% of Area Median Income and will include a child care facility, along with an associated open space. Mercy was selected pursuant to a Request for Proposals for the development of Transbay Blocks 6 and 7 issued by the former Redevelopment Agency, now the Office of Community Investment and Infrastructure ("OCII"). The Project is being financed with these tax exempt bonds, low income housing tax credits, funds from the State of California's Housing and

**1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103**  
**Phone: (415) 701-5500 Fax: (415) 701-5501 TDD: (415) 701-5503 [www.sfgov.org/moh](http://www.sfgov.org/moh)**

Community Development Department and a gap loan from OCII.

MOHCD has previously issued bonds for both rental housing and for first time homeownership. These financings are conduit financings, which do not require the City to pledge repayment of the bonds. Rather, the bondholders' only recourse for payment is the project revenues themselves and the credit enhancement provided by lenders.

Introduction on April 12, 2016 ensures that we have enough time to close the Project's financing and begin construction by May 25, 2016.

The attached resolution and documents have been approved as-to-form by Deputy City Attorney Heidi Gewertz.

If you have any questions about the resolution or the project, please contact Gretchen Heckman at the Office of Community Investment and Infrastructure at ~~724~~-2439.

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Thank you,



Kate Hartley  
Deputy Director