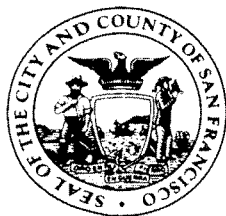


**MAYOR'S OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT
CITY AND COUNTY OF SAN FRANCISCO**



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

September 11, 2013

Supervisor Campos
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 1825 Mission Street, Vincentian Villa

Dear Supervisor Campos,

The Mayor's Office of Housing wishes to forward the attached resolution for introduction at the Board of Supervisors on **September 17, 2013**, to authorize a bond application for the financing of 1825 Mission Street, Vincentian Villa. The resolution authorizes the Mayor's Office of Housing and Community Development 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 \$15.5 million for the affordable senior housing. The resolution also documents the noticing of the public hearing to be held on September 20, 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 the acquisition and rehabilitation of the project.

Project Summary

As you know, Vincentian Villa is an existing 124 unit senior property developed by the St. Vincent de Paul Society in 1972. The project was developed in response to displacement through redevelopment in the South of Market in the 1960s. Currently, 72 of the units are subsidized by a HUD project based Section 8 contract, 50 units are subsidized by the City Hotel Tax Rent Supplement contract, and 2 units are market rate. Residents are extremely low income.

In August 2013, the HUD 40-year mortgage fully matured, and St. Vincent de Paul entered into a Purchase & Sale Agreement with GHC Housing Partners LLC (GHC), a for-profit organization based in Sherman Oaks, CA that owns over 18,000 units in 24 states. Over the past 10 years, GHC has renovated over 6,000 units using the tax exempt bond and tax credit program, over half

of which were designated for senior or disabled resident populations. All of the renovations have been completed with residents in place. Vincentian Villa would be GHC's first project in San Francisco.

Per the terms of the negotiated agreement with St. Vincent de Paul, they will capitalize a sinking fund to continue the rent subsidies for the existing residents in the City-supported units through the full term of their residency. Thus, the City will not assign the Hotel Tax Rent Supplement contract to the new owner, and the current residents will continue to pay 30% of their income in rent for as long as they chose to live at Vincentian Villa. GHC will renew the Section 8 contract for a new 20 year term on the 72 Section 8 units. Overall project affordability will be enforced through the City's bond regulatory agreement, requiring that affordability be maintained for 55 years. Attached please find a project summary.

Proposed Schedule

The proposed schedule is the following, which would allow the buyer to submit a CDLAC application on October 11 for the December CDLAC Hearing:

- **Introduce TEFRA & Inducement Resolution – September 17, 2013**
- TEFRA Hearing – September 20, 2013
- **Budget & Finance Committee – September 25, 2013**
- **Board of Supervisors legislation Full Board – October 1, 2013**
- Submit CDLAC Application - October 11, 2013
- CDLAC Hearing – December 11, 2013
- Close bonds – March 2014
- Construction – March 2014- December 2014

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 October 11 CDLAC application submittal date, the resolution needs to be introduced at the Board on September 17, and be considered by the full Board by October 1, 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