

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



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

June 30, 2015

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: Resolutions authorizing application to the California Debt Limit Allocation Committee (CDLAC) to permit the issuance of residential mortgage revenue bonds for Transbay Block 8 in aggregate principal amounts not to exceed \$19,300,000 for 250 Fremont Street and \$263,100,000 for 422-498 Folsom Street

Dear Supervisor Kim,

I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, July 7, 2015, two resolutions regarding qualified mortgage revenue bonds Transbay Block 8. Transbay Block 8 is part of the Transbay Redevelopment Project, a 40-acre redevelopment district at the foot of Rincon Hill which includes the Transbay Transit Center (under construction) and approximately 10 acres of vacant public land. Block 8 is a 52,250-square-foot parcel on Folsom Street between First and Fremont Streets, two blocks south of the future Transbay Transit Center. The Project Area was established in June 2005 with the adoption of the Redevelopment Plan for the Transbay Project Area (the "Redevelopment Plan") by the Board of Supervisors. Related California Urban Housing, LLC ("Related") and Tenderloin Neighborhood Development Corporation ("TNDC") (together the "Development Team") were selected via a competitive process by the Office of Community Investment and Infrastructure Successor Agency to the San Francisco Redevelopment Agency ("OCII") in June 2014.

Transbay Block 8 will include 546 units total; of those 396 will be market-rate units ("Market-Rate Units") and 150 will be units affordable to households earning up to 40% and 50% of AMI. Of the 150 affordable units, 70 will be inclusionary (the "BMR Units"). The remaining 80 affordable units comprise the affordable project, and will be subsidized by OCII funding (the "Affordable Project"). The BMR Units and the Market Rate Units will be financed together as

mixed income bond-financed project (the "80/20 Project"). The Mayor's Office of Housing and Community Development ("MOHCD") will issue the tax exempt bonds for the Affordable Project and the 80/20 Project.

The resolutions would authorize Olson Lee, as Director of this office to submit applications to the California Debt Limit Allocation Committee for permission to issue such bonds in an amount not to exceed \$19,300,000 for the Affordable Project and \$263,000,000 for the 80/20 Project. This resolution would only authorize us to apply for allocations of bond issuing authority. Should we receive authority, we will 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 projects.

The Mayor's Office of Housing and Community Development 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 July 7, 2015 ensures that we have enough time to continue gathering the application which is due on September 22, 2015.

The attached resolutions have been approved as-to-form by Deputy City Attorney Heidi Gewertz. 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 Elizabeth Colomello at 701-5518.

Thank you,



Kate Hartley
Deputy Director