

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



**EDWIN M. LEE
MAYOR**

**OLSON LEE
DIRECTOR**

November 21, 2014

Honorable Malia Cohen
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 Alice Griffith Phases 1 and 2: 2600 and 2700 Arelious Walker Drive.

With this memo, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, November 24, 2014, two resolutions regarding qualified mortgage revenue bonds for 2600 and 2700 Arelious Walker Drive or Phases 1 and 2 of the revitalization of the Alice Griffith Public Housing Development (the "Projects"). McCormack Baron Salazar ("MBS") through their affiliates, Alice Griffith Phase 1 LP and Alice Griffith Phase 2 LP, is sponsoring these Projects. The resolutions would authorize the City to enter into qualified mortgage revenue indebtedness for Phases 1 and 2 of the revitalization of Alice Griffith. Phase 1 is a 93 unit affordable housing development and Phase 2 is a 91 unit affordable housing development. Funds generated from the issuance and sale of the bonds would be used to finance construction of the Projects. This is the follow-up legislation to the resolutions you sponsored in June 2014 that authorized MOHCD to apply to the California Debt Limit Allocation Committee ("CDLAC") for two allocations of \$32.5 million each for the Projects in qualified mortgage revenue indebtedness. The City, on behalf of the project sponsors, received the \$32.5 million allocation for Phase 1 on September 17, 2014 and the \$32.5 million allocation for Phase 2 on November 12, 2014. Funds generated from the issuance and sale of the bonds will be used to finance construction of the Projects.

The proposed Projects are part of a larger affordable housing development, the revitalization of the Alice Griffith public housing development, which is an enforceable obligation of the Office of Community Investment and Infrastructure, Successor Agency to the Redevelopment Agency ("OCII"). Alice Griffith Phases 1 and 2 are the first two phases of this redevelopment. When the redevelopment is complete all 256 public housing units will be replaced and the following

new units will be added to the development: 248 new affordable units (serving households at or below 50% AMI), 382 market rate units, 43 inclusionary units and 281 workforce units (serving households between 120% and 160% AMI). As mentioned above, Phase 1 will be a 93 unit affordable family project and Phase 2 will be a 91 unit affordable family project each including 65% public housing replacement units and 35% affordable housing units (serving households at and below 50% Area Median Income). OCII will also be providing loans to all affordable phases of the project.

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 November 24, 2014 ensures that we have enough time to close the Projects' financing and begin construction by January 15, 2015.

The attached resolutions have been approved as-to-form by Deputy City Attorney Heidi Gewertz. I am enclosing a brief description of the Projects for your review.

The attached bond documents are in draft form. I will submit the final documents on December 4, 2014, in advance of the Board's consideration of the bond issuance at a Committee hearing.

If you have any questions about the resolution or the project, please contact Elizabeth Colomello at the Office of Community Investment and Infrastructure at 701-5518.

Thank you,



Lisa Motoyama
Director of Real Estate –Special Initiatives