

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



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

June 19, 2014

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 Issuance of Multifamily Housing Revenue Bonds for
1239 Turk Street, Rosa Parks II Senior Housing

Dear Supervisor Breed,

The Mayor's Office of Housing and Community Development (MOHCD) requests your support in introducing and sponsoring a resolution (attached) at the Board of Supervisors on Tuesday, June 24, 2014, which would authorize the City to issue qualified mortgage revenue bonds for 1239 Turk Street, Rosa Parks II (the "Project"). This is the follow-up legislation to the resolution you sponsored in July 2013 that authorized MOHCD to apply to the California Debt Limit Allocation Committee for an allocation of \$30 million in qualified mortgage revenue bonds for construction financing. Tenderloin Neighborhood Development Corporation (TNDC) has received its HUD Firm Commitment approval for HUD 202 capital financing, and is ready to proceed toward bond closing and start of construction. A new TEFRA Hearing was held on June 16, 2014, as referenced in the resolution, since the TEFRA hearing held last year is only valid for one year.

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 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 Apartments, 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 \$14.1 million, equity from 4% tax credits, and a CDLAC bond allocation as part of the construction financing sources. Pending approval of the Board of Supervisors, the bonds and construction financing will close in early August 2014 and start construction soon thereafter.

- TEFRA Hearing: 6/16/14
- **Introduce Bond Issuance Resolution** 6/24/14
- **Land Use Committee** 6/30/14
- **BOS legislation full board** 7/8 or 7/15/14
- Start of Construction August 2014

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

The attached resolution has been reviewed by Deputy City Attorney Kenneth Roux and is in final form. If you have any questions about the resolution or the project, please contact my staff, Anne Romero, at 701-5525.

Thank you for your assistance.

Sincerely,



Olson Lee
Director

cc: Ben Brandin, TNDC