

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



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

March 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: Resolution Authorizing the execution and delivery of a Multifamily Housing Revenue Note for Mission Bay South Block 7 West, 588 Mission Bay Boulevard North, for an amount not to exceed \$61,427,368

Dear Supervisor Kim,

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, March 31, 2015, which would authorize the City to enter into qualified mortgage revenue indebtedness for Mission Bay South Block 7 West, 588 Mission Bay Boulevard North (the "Project"). This is the follow-up legislation to the resolution you sponsored in December 2014 that authorized MOHCD to apply to the California Debt Limit Allocation Committee (CDLAC) for an allocation of \$62.5 million in qualified mortgage revenue indebtedness. The City, on behalf of the project sponsor, Mission Bay Block 7 Housing Partners, L.P., received a \$61,427,368 allocation on March 18, 2015.

The project, Mission Bay South Block 7 West (also known as 588 Mission Bay Boulevard North), is located in the Mission Bay South community. The Developer, Mission Bay Block 7 Housing Partners, L.P., will develop 200 units (70 one bedroom and 128 two bedroom units (plus two manager's units)) of affordable small family rental housing, 10,000 sf of commercial space, 52 on-site parking spaces, green spaces, walkways, open courtyards, a fitness room and community room. Incomes and rents at the development will serve households with incomes at or below 60% Area Median Income (AMI).

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As you may know, 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 are the project revenues themselves and the credit enhancement provided by lenders.** The Mission Bay South Block 7 West transaction requires loan documents rather than bond documents and therefore MOHCD is requesting approval of a mortgage revenue Note. Just as with all of the other multifamily housing mortgage revenue bonds MOHCD has issued on behalf of its affordable housing projects and programs, this is a conduit, or pass-through, financing mechanism and it is not an obligation of the City to repay the Note from City funds.

We kindly request that the resolution be introduced at the Board on **March 31, 2015**, in anticipation of being referred to the Budget and Finance Committee, possibly for the **April 8th** committee meeting, and forwarded to the full Board on **April 14th**. We are required by the California Debt Limit Allocation to close the bonds by June 12, 2015, but we anticipate that bond closing will occur in early May 2015, and construction will start at the end of May.

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 Pam Sims at 701-5564.

Sincerely,

Olson Lee
Director