



**OFFICE OF THE CONTROLLER**  
**CITY AND COUNTY OF SAN FRANCISCO**

Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

Anna Van Degna  
Director of Public Finance

## MEMORANDUM

**TO:** Honorable Members, Board of Supervisors, as legislative body of City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "Treasure Island IRFD" or the "IRFD")

**FROM:** Anna Van Degna, Director of the Controller's Office of Public Finance  
Bridget Katz, Controller's Office of Public Finance  
Bob Beck, Director of the Treasure Island Development Authority

**DATE:** **Tuesday, November 1, 2022**

**SUBJECT:** Ordinance Appropriating \$4,711,123 Tax Increment Revenue Bond Proceeds for the Treasure Island Infrastructure and Revitalization Financing District No. 1

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### **Recommended Actions**

We respectfully request that the Board of Supervisors ("Board"), in its capacity as the legislative body of the Treasure Island IRFD, consider for review and approval the supplemental appropriation ordinance (the "Ordinance") appropriating \$4,711,123 of City and County of San Francisco ("City") Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022B (Housing Increment) ("Bonds").

### **Prior Board Actions**

On April 19, 2022 the Board approved and on April 28, 2022 the Mayor signed Resolution No. 161-22, Resolution of the Treasure Island IRFD Authorizing the Issuance and Sale of one or more series of Tax Increment Revenue Bonds Not to Exceed \$30,000,000, approving related documents and approving bonds for purposes of Internal Revenue Code Section 147(f).

Related to the project to be funded by the Bonds, on April 26, 2022 the Board approved and on April 28, 2022 the Mayor signed Resolution No. 163-22 and Resolution No. 164-22.

Resolution No. 163-22 authorized the Treasure Island Development Authority (the "Authority") to execute a Standard Agreement and other related documents with the State of California Department of Housing and Community Development ("HCD") under the California Housing Accelerator Program which the Standard Agreement includes an award not to exceed \$55,601,514 as a loan to Mercy Housing California 82, L.P. ("Developer"), as sole borrower, for construction of a development affordable to low- and moderate-income families at Treasure Island Parcel C3.1, located at Avenue C (old address)/78 Johnson (new address) for a term of five years to commence upon execution of the Standard Agreement by HCD.

## 2 | Ordinance Appropriating \$4,711,123 Tax Increment Revenue Bonds from the Treasure Island IRFD

Resolution No. 164-22 approved and authorized the execution of a Loan Agreement with Mercy Housing California 82, L.P., a California limited partnership, in an amount not to exceed \$33,452,317 for a minimum term of 57 years to finance the construction of a 138-unit multifamily rental housing development (plus one staff unit) for low and moderate income families located at 6th Street at Avenue C (old address)/78 Johnson Street (new address) ("Treasure Island Parcel C3.1"); and adopting findings that the Loan Agreement is consistent with the General Plan, and the priority policies of Planning Code, Section 101.1.

### **Treasure Island IRFD No.1 Tax Increment Revenue Bonds, Series 2022B (Housing Increment)**

The Treasure Island Infrastructure and Revitalization Financing District (IRFD) No. 1 Tax Increment Revenue Bonds, \$24,270,000 Series A (Facilities) and \$5,120,000 Series B (Housing) closed on September 8, 2022. Of the \$5,120,000 Series B Bonds, \$4,711,122.71 of bond proceeds were deposited in the Housing Project Fund are anticipated to be used by the Treasure Island Development Authority ("TIDA") and the Mayor's Office of Housing and Community Development ("MOHCD") to finance a forgivable loan for a portion of the affordable housing development by Mercy Housing California ("Mercy") on Treasure Island Parcel C3.1 (the "Affordable Housing Project") which includes 138 units consisting of 23 one-bedrooms, 60 two-bedrooms, 40 three-bedrooms, and 14 four-bedrooms plus one manager's unit. 71 of the units will be replacement units for Catholic Charities' One Treasure Island units supported by a Continuum of Care contract and 23 non-income restricted units (at initial occupancy and until all eligible households have received their benefit) for existing Treasure Island residents ("Legacy Residents"). The remaining 43 units will be new affordable lottery units with preferences for income qualifying Legacy Residents and Vested Residents currently living in market rate units on Treasure Island.

The Project's area median incomes ("AMI") based on household size range from 30% California Tax Credit Allocation Committee ("TCAC") AMI up to 60% TCAC AMI in the DAHLIA lottery units and up to 100% TCAC AMI in the 23 Transition Units.

In March 2021, the City's Affordable Housing Loan Committee recommended a gap loan for the Affordable Housing Project of \$33,452,317 and the loan amount included a TIDA IRFD bridge loan of \$5,000,000. The Board of Supervisors approved the gap loan on April 26, 2022 (File 220347/Resolution No. 164-22) and the Mayor executed the loan resolution and loan on April 28, 2022. The Affordable Housing Project construction loan closing that included the City and County of San Francisco acting through MOHCD, State of California Department of Housing and Community Development, and Citibank, N.A. occurred in May 25, 2022 and construction began soon after. Construction is currently expected to be completed by March 2024.

### **Request**

In order for MOHCD to access Bond proceeds to finance the Affordable Housing Project, we respectfully request the Board's consideration of the Ordinance.

## Anticipated Legislative Timeline

Milestones	Dates*
• Introduction of the Supplemental Appropriation Ordinance to the Board	November 1, 2022
• Budget and Finance Committee	December 7, 2022
• Board First Hearing of the Ordinance	December 13, 2022
• Board Second Hearing of the Ordinance	January 3, 2023

*\*Please note that dates are estimated unless otherwise noted.*

Your consideration of this matter is greatly appreciated. Please contact Anna Van Degna ([anna.vandegna@sfgov.org](mailto:anna.vandegna@sfgov.org)) or Bridget Katz ([bridget.katz@sfgov.org](mailto:bridget.katz@sfgov.org)) if you have any questions.

cc: Angela Calvillo, Clerk of the Board of Supervisors  
Andres Powers, Mayor's Office  
Tom Paulino, Mayor's Office, Liaison to the Board of Supervisors  
Ashley Groffenberger, Mayor's Budget Director  
Ben Rosenfield, Controller  
Carmen Chu, City Administrator  
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