

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



Edwin M. Lee
MAYOR

Kate Hartley
ACTING DIRECTOR

June 16, 2017

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 Phase 4: 2800 Arelious Walker Drive.

With this memo, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, July 18, 2017, a resolution regarding qualified mortgage revenue bonds for 2800 Arelious Walker Drive, or Phase 4 of the revitalization of the Alice Griffith Public Housing Development (the "Project"). McCormack Baron Salazar ("MBS") through their affiliate, Alice Griffith Phase 4 LP, is sponsoring this Project. The resolution would authorize the City to enter into qualified mortgage revenue indebtedness for Phases 4 of the revitalization of Alice Griffith. Phase 4 totals 31 units. Phase 4 will have 12 one-bedroom units, 5 two-bedroom units, 10 four-bedroom units, 3 five-bedroom units, and 1 manager's unit. Phase 4 will be comprised of 61% (or 19 units) public housing replacement units and 36% (or 11 units) new affordable units plus a manager's unit. Funds generated from the issuance and sale of the bonds would be used to finance construction of the Project. This is the follow-up legislation to the resolution you sponsored in November 2016 that authorized MOHCD to apply to the California Debt Limit Allocation Committee ("CDLAC") for an allocation of \$16 million for the Project in qualified mortgage revenue indebtedness. The City, on behalf of the project sponsors, received the \$16 million allocation for Phase 4 on May 17, 2017. Funds generated from the issuance and sale of the bonds will be used to finance construction of the Project.

The proposed Project is 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 and are currently leasing up. Phases 3A and B together comprise the third phase of this redevelopment

1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103
Phone: (415) 701-5500 Fax: (415) 701-5501 TDD: (415) 701-5503 www.sfgov.org/moh

and are currently under construction. 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), 367 market rate units, 42 inclusionary units and 237 workforce units (serving households between 120% and 160% AMI). As mentioned above, Phase 4 will be a 31-unit affordable family project, including 61% public housing replacement units and 36% affordable housing units (serving households at and below 60% 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 July 13, 2017 ensures that we have enough time to close the Project's financing and begin construction by August 6, 2017.

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 the Office of Community Investment and Infrastructure at 701-5518.

Thank you.



Kate Hartley
Acting Director