

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



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

May 9, 2016

Supervisor Campos
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 Application to the California Debt Limit Allocation Committee for Multifamily Housing Revenue Bonds and Resolution authorizing execution and performance of an Option to Ground Lease for 2060 Folsom Housing

Dear Supervisor Campos,

The Mayor's Office of Housing and Community Development wishes to forward the attached resolutions for introduction at the Board of Supervisors on May 10, 2016, to authorize a bond application for bond financing and for the sponsor to gain site control through an Option to Ground Lease of 2060 and 2070 Folsom Street, known as 2060 Folsom Housing.

The bond inducement resolution authorizes the Mayor's Office of Housing and Community Development to submit an application and related documents to the California Debt Limit Allocation Committee (CDLAC) to permit the issuance of qualified mortgage revenue bonds in an amount not to exceed \$140 million for the affordable family housing with a Transition Age Youth (TAY) supportive housing component. Should we receive authority, we would need to return to the Board for permission to actually issue the bonds. Funds generated from the issuance and sale of the bonds would be used to finance construction of the project.

The Option to Ground Lease resolution authorizes the execution and performance of an Option to Ground Lease in the amount of \$0 which expires on June 30, 2018 between the City and 2060 Folsom Housing L.P. This Option to Ground Lease provides the necessary site control required for a successful CDLAC bond application.

Project Summary

As you know, Mission Economic Development Agency (MEDA) and Chinatown Community Development Center (Chinatown CDC) are the co-sponsors selected by the San Francisco

Mayor's Office of Housing and Community Development (MOHCD) to develop 2070 Folsom Street (the address will subsequently be changed to include 2060 Folsom Street). The new building will be anchored by up to 139 apartments affordable to low-income families and to Transition-Age Youth with household incomes up to 60% of the Area Median Income. The approximately 139 apartments will consist of 38 Three-Bedroom Units, 58 Two-Bedroom Units, 22 One-Bedroom Units, and 21 Studios. The ground floor of 2060 Folsom Street will offer community services -- including a preschool, infant/toddler care, and afterschool youth programs operated by Mission District organizations -- and a retail space intended for a cafe. Overlooking the new park at 17th & Folsom, the building also may include public restrooms to serve park users.

The proposed schedule for the CDLAC application is as follows:

- **Introduce Inducement Resolution and Option to Ground Lease** **5/10/16**
- **Budget and Finance Committee:** **5/25/16**
- **BOS legislation full board:** **6/7/16**
- Submit CDLAC application: **6/14/16**
- Close bonds and enter into ground lease: **Between December 2017 and March 2018**

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 repayment of the bonds. Rather, the bondholders' only recourse for payment are the project revenues themselves and the credit enhancement provided by lenders.

In order to meet the June 14, 2016 CDLAC application submittal date, the resolution needs to be introduced at the Board on May 10, and be considered by the full Board on June 7, 2016 at latest. We greatly appreciate any assistance you can provide to help meet this schedule.

The attached resolutions have been approved as-to-form by Deputy City Attorney Kenneth Roux (inducement resolution) and Beth Anderson (option to ground lease resolution). 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 Anne Romero at 701-5525. Thank you for your assistance.

Sincerely,



Olson Lee
Director

cc: Elaine Yee, MEDA
Shannon Dodge, CCDC