

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



**EDWIN M. LEE**  
MAYOR

**OLSON LEE**  
DIRECTOR

April 11, 2017

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 Application to California Debt Limit Allocation Committee;  
Multifamily Housing Revenue Bonds for 1150 3<sup>rd</sup> Street**

Dear Supervisor Kim:

With this letter, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, April 18, 2017, a resolution regarding qualified mortgage revenue bonds for the project located at 1150 3<sup>rd</sup> Street, commonly known as Mission Bay South Block 3 East Affordable Housing (the "Project"). The Project is a 119-unit family housing project being developed by Chinatown Community Development Center ("CCDC") and Swords to Plowshares ("STP"). The Project site is bordered by a private street to the north, Mission Rock Street to the south, a market-rate development to the west, and 3<sup>rd</sup> Street to the east.

The attached resolution will authorize Olson Lee, as Director of the Mayor's Office of Housing and Community Development ("MOHCD"), to submit an application to the California Debt Limit Allocation Committee ("CDLAC") for permission to issue tax-exempt bonds in an amount not to exceed \$90,000,000 (the "Bonds"). Should CDLAC grant such authority, MOHCD will be required to return to the Board of Supervisors for permission to issue the Bonds. Funds generated from the issuance and sale of the Bonds would be used to finance construction of the Project.

The Project will consist of one five-story, U-shaped building surrounding a central, two-level courtyard. It will feature four stories of wood-framed construction over a concrete podium. The Project will have 119 units (12 studios, 55 one-bedroom units, 30 two-bedroom units, 21 three-bedroom units, and 1 two-bedroom manager's unit) and will serve formerly homeless veterans at rents not to exceed 30% of Area Median Income ("AMI") and families earning up to 60% of AMI. The development team of CCDC and STP was selected pursuant to a Request for Proposal

issued by the Office of Community Investment and Infrastructure (“OCII”), Successor to the San Francisco Redevelopment Agency. OCII will contribute gap financing to help finance the Project. In addition to OCII’s contribution, the Project’s proposed financing includes 4% low-income housing tax credits (“LIHTC”) and tax-exempt bonds, Veterans Housing and Homelessness Prevention Program (“VHHP”) funds administered by the State of California’s Housing and Community Development (“HCD”) office, and Veterans Affairs Supportive Housing (“VASH”) project-based vouchers.


MOHCD routinely issues tax-exempt bonds to finance the development of multifamily rental housing. As with many previous issuances, the proposed financing is a conduit financing, which does not require the City to pledge its funds toward repayment of the Bonds. Rather, the bondholders’ only recourse for payment is project revenues and any credit enhancement borrowers may have provided.

Introduction on April 18, 2017 will help to ensure that MOHCD, OCII, and the developers have sufficient time to fulfill all requirements of the CDLAC application, which is due on May 19, 2017.

The attached resolution has been approved as to form by Deputy City Attorney Heidi Gewertz. I am also enclosing a brief description of the project for your review.

Should you have any questions about the attached resolution or the Project, please do not hesitate to contact me at 415-701-5512 or OCII’s Benjamin Brandin at 415-749-2533.

Thank you,

  
Adam F. Cray  
Bond Program Manager