

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



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

October 19, 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 Application to California Debt Limit Allocation Committee for Tax Exempt Residential Rental Housing Bonds for Transbay Block 9: 510 Folsom Street

With this memo, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, October 20, 2015, a resolution regarding tax exempt residential rental housing bonds for 510 Folsom Street or Transbay Block 9, San Francisco, an inclusionary housing development sponsored by Essex Portfolio, L.P., and BRIDGE Housing Corporation (together the "Developers"). 510 Folsom Street will consist of 311 units on the first 21 floors, of which 109 (34 studios, 61 one-bedroom, and 14 two-bedroom units) will be affordable housing units (serving households at and below 50% Area Median Income) located on the first 21 floors of a 42-story building and related parking and other improvements (the "Project"). Funds generated from the execution and delivery of the Bonds would be used to pay for certain costs incurred in connection with the Project.

The resolution would authorize Olson Lee, as Director of this office to submit an application to the California Debt Limit Allocation Committee for permission to issue such bonds in an amount not to exceed \$95,000,000. This resolution would only authorize the Mayor's Office of Housing and Community Development ("MOHCD") to apply for the allocation of bond issuing authority. Should we receive authority, we will 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.

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 October 20, 2015 ensures that we have enough time to continue gathering the application which is due on December 18, 2015.

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

If you have any questions about the resolution or the project, please contact Pamela Sims at the Office of Community Investment and Infrastructure at 701-5564.

Thank you,

Teresa Yanga
Director of Housing Development