

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



**EDWIN M. LEE
MAYOR**

**OLSON LEE
DIRECTOR**

December 4, 2015

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 3A: 2500 Arelious Walker Drive.

With this memo, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, December 8, 2015, a resolution regarding qualified mortgage revenue bonds for 2500 Arelious Walker Drive or Phase 3A of the revitalization of the Alice Griffith Public Housing Development (the "Project"). McCormack Baron Salazar ("MBS") through their affiliate, Alice Griffith Phase 3A LP, is sponsoring this Project. The resolution would authorize the City to enter into qualified mortgage revenue indebtedness for Phases 3A of the revitalization of Alice Griffith. Phase 3A and 3B total 122 units in one building that are being financed separately to increase Low Income Housing Tax Equity to the development. Phase 3A will have 82 units. Phase 3B will have 40 units. Only Phase 3A will receive tax-exempt bond financing. Phases 3A and B combined will be comprised of 75% (or 93 units) public housing replacement units and 25% (or 29 units) new affordable units. 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 June 2015 that authorized MOHCD to apply to the California Debt Limit Allocation Committee ("CDLAC") for an allocation of \$31.5 million for the Project in qualified mortgage revenue indebtedness. The City, on behalf of the project sponsors, received the \$31.5 million allocation for Phase 3A on October 21, 2015. 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 under construction. Phases 3A and B together comprise the third phase of this redevelopment. 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 3A and B together will be a 122 unit affordable family project each including 75% public housing replacement units and 25% affordable housing units (serving households at and below 50% 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 December 8, 2015 ensures that we have enough time to close the Project's financing and begin construction by February 1, 2016.

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,



Lisa Motoyama
Director of Real Estate –Special Initiatives