

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



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

May 15, 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 Application to California Debt Limit Allocation Committee for Multifamily Housing Revenue Bonds for Alice Griffith Phase 3A: 2600 and 2700 Arelious Walker Drive.

With this memo, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, May 19, 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 "Projects"). McCormack Baron Salazar ("MBS") through their affiliate Double Rock ventures LLC is sponsoring these Projects. 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 92 units (12 one-bedroom, 71 two-bedroom, and 9 three-bedroom units). Phase 3B will have 30 units (1 one-bedroom, 26 three-bedroom, and three four-bedroom units). Only Phase 3A will receive tax-exempt bond financing. Phases 3A and B combined will be comprised of 76% (or 93 units) public housing replacement units and 23% (or 29 units) new affordable units.

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 \$33,000,000. These resolutions would only authorize the Mayor's Office of Housing and Community Development ("MOHCD") to apply for the allocations 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 Projects.

The proposed Project is the third phase of a larger affordable housing development, the

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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 currently under construction. When the redevelopment is complete all 256 public housing units will be replaced along with 248 new affordable units, 367 market rate units, 42 inclusionary units and 237 workforce units (serving households between 120% and 160% AMI).. As mentioned above, Phases 3A and B combined will be comprised of 76% (or 93 units) public housing replacement units and 23% (or 29 units) new affordable 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 May 19, 2015 ensures that we have enough time to continue gathering the application which is due on July 17, 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 Elizabeth Colomello at the Office of Community Investment and Infrastructure at 701-5518.

Thank you,



Lisa Motoyama
Director of Real Estate –Special Initiatives