

**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 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 Multifamily Housing Revenue Bonds for 222 Beale Street.

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 222 Beale Street or Transbay Block 7 Affordable Housing (the "Project"). The Project is a 120 unit family project being developed by Mercy Housing California ("Mercy"). It will be located on Transbay Block 7 at 222 Beale Street, which is adjacent to Transbay Block 6, a market-rate residential tower and an affordable eight story podium building being constructed by Golub and Company ("Golub"), a developer based in Chicago, Illinois and Mercy Housing California.

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 \$35,000,000. This resolution would only authorize us to apply for an 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.

The proposed project will be two eight story over concrete podium buildings on the east and west ends of the block and a row of townhomes in between. The Project will have 120 units (52 1-bedroom units, 45 2-bedroom units, 23 3-bedroom units including 1 manager's unit) and will serve families earning up to 50% of Area Median Income and will include a child care facility, along with an associated open space. The development team of Golub and Mercy was selected pursuant to a Request for Proposals for the development of Transbay Blocks 6 and 7 issued by the former Redevelopment Agency, now the Office of Community Investment and Infrastructure

("OCII"). Golub paid a fee to OCII of \$24,300,000. A portion of this fee, \$14,000,000 was used to provide the gap subsidy for Transbay Block 6 Affordable Housing, which is currently under construction. The remaining \$10,300,000 of the Fee, along with additional funds from OCII, will be used to provide the gap subsidy necessary to develop the Project.

The Mayor's Office of Housing and Community Development 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 project for your review.

If you have any questions about the resolution or the project, please contact Elizabeth Colomello at 701-5518.

Thank you,



Teresa Yanga
Director of Housing Development