

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



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

June 16, 2015

Supervisor Breed
City and County of San Francisco
Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

RE: Resolution Authorizing the execution and delivery of a Multifamily Housing Revenue Indebtedness Note for an amount not to exceed \$15,000,000 for 800 Presidio Ave., the John Burton Foundation Housing Complex

Dear Supervisor Breed,

The Mayor's Office of Housing and Community Development (MOHCD) requests your support in introducing and sponsoring the attached resolution for introduction at the Board of Supervisors on June 23, 2015, which would authorize the City to enter into qualified mortgage revenue indebtedness for the John Burton Foundation Housing Complex at 800 Presidio Ave. (the "Project"). This is the follow-up legislation to the resolution you sponsored on July 8, 2014 that authorized MOHCD to apply to the California Debt Limit Allocation Committee for an allocation of qualified mortgage revenue indebtedness.

The resolution also documents the noticing of a new TEFRA public hearing held on June 12, 2015, since the original TERA hearing held in June 2014 is only valid for a one year period. Funds generated from the qualified mortgage revenue indebtedness would be used to finance construction of the project.

Project Summary – John Burton Foundation Housing Complex

As you know, Booker T. Washington Community Service Center (BTWCSC) is developing a mixed use affordable housing project and Community Center in partnership with the John Stewart Company, with Equity Community Builders serving as development manager. The proposed project will have 50 units of affordable housing, including 25 units targeted to Transition Age Youth (TAY).

The developers will demolish BTWCSC's existing outdated community center to construct housing on the corner of Presidio and Sutter, containing 50 units of affordable housing in 5 stories. The 25 TAY units will be targeted to emancipating foster and other homeless youth, with wrap around services provided by First Place for Youth. The housing will be located adjacent to the new Community Center, which will contain a state-of-the-art gymnasium, with educational, social and recreational services for youth, families and seniors in the Western Addition and beyond. Planned programs include a youth radio program, computer center, childcare, afterschool program, and other services.

The housing and Community Center will be built as one integrated building, located in separate condominiums, and will be financed separately. The housing is estimated to have a total development cost of \$29.5 million, utilizing City sources totaling around \$12.2 million, HCD Infill Infrastructure grant, HCD MHP for Youth financing, 4% tax credits and multifamily revenue indebtedness. The CDLAC bond allocation in the amount of \$15 million was approved on May 20, 2015. The financing will close and construction will start in August 2015. BTWCSC and the John Stewart Company will be co-General Partners of the new Limited Partnership owner of the housing, BTW Housing Partners LP, and BTWCSC will continue to own and operate the Community Center.

All units will be restricted to low income households earning less than 50% and 60% of the Area Median Income, with 25 units targeted to homeless Transition Age Youth. It is anticipated that operations for the TAY units will be subsidized by the Local Operating Subsidy Program (LOSP) and the Transitional Housing Program Plus (THP Plus).

The proposed schedule for the bond financing is as follows:

- TEFRA Hearing: 6/12/15
- **Introduce Issuance Resolution:** 6/23/15
- **Budget & Finance Committee:** 7/15/15
- **BOS legislation full board:** 7/21/15 or 7/28/15
- Construction Loan Closing and Start of Construction: August 2015

The Mayor's Office of Housing and Community Development has previously issued bonds for rental housing. These financings are conduit financings, which do not require the City to pledge repayment of the bonds. Rather, the bondholders' only recourse for payment are the project revenues themselves and the credit enhancement provided by lenders. The transaction for 800 Presidio Ave. involves an alternative structure that requires loan documents rather than bond documents and therefore MOHCD is requesting approval of a mortgage revenue note. Just as with all of the other multifamily housing mortgage revenue bonds MOHCD has issued on behalf of its affordable housing projects and programs, this is a conduit, or pass-through, financing mechanism and it is not an obligation of the City to repay the Note from City funds. We greatly appreciate any assistance you can provide to help meet this schedule.

The attached resolution has been approved as-to-form by Deputy City Attorney Kenneth Roux. If you have any questions about the resolution or the project, please contact Anne Romero at 415 701-5525. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Teresa Yanga". The signature is fluid and cursive, with the first name "Teresa" written in a larger, more prominent script than the last name "Yanga".

Teresa Yanga
Director of Housing Development

cc: Pat Scott, BTWCSC
Marc Slutzkin, JSCo