

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 16, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: City and County of San Francisco

Allocation Amount Requested:
Tax-exempt: \$21,475,000

Project Information:
Name: 1880 Pine Apartments
Project Address: 1880 Pine Street
Project City, County, Zip Code: San Francisco, San Francisco, 94109

Project Sponsor Information:
Name: 1880 Pine, L.P. (Mercy Housing Calwest, JSCO CA Corridor LLC, Japanese American Religious Federation Housing, Inc.)
Principals: Doug Shoemaker, Valerie Agostino, Barbara Gualco, Jane Graf, Stephan Daves, Ed Holder, Steve Spears, Benjamin Phillips, Sheela Jivan, Melissa Clayton, Bruce Saab, Jennifer Dolin, Joe Rosenblum and Vince Dodds for Mercy Housing Calwest; Loren Sanborn, Steve McElroy, Margaret Miller, Lori Horn for JSCO CA Corridor LLC; Will Tsukamoto, Kei Nagai, Yoshio Nakshima, John Bollard for the Japanese American Religious Federation Housing, Inc.
Property Management Company: Mercy Housing Management Group

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Bank of America, N. A.
TEFRA Adoption Date: April 14, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 112, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens/Special Needs

1880 Pine, a 12-story, 113-unit, 84,130 square feet steel framed building with a concrete core originally constructed in 1973 for the San Francisco Housing Authority. The 113 units in the building consist of 96 studio apartments, approximately 400 square feet in size, 16 one-bedroom apartments approximately 552 square feet in size, and one 895 square feet two-bedroom unit. One of the one-bedroom units is designated as a manager's unit. All units are located on floors 3 through 12 and are serviced by two elevators. In addition, there is a 321 square feet laundry room, a 315 square feet maintenance room, and a 1,721 square feet rooftop terrace located on the 12th floor. The rehabilitation of the building will include a number of accessibility-related improvements in order to bring the building in line with ADA requirements. The rehabilitation will commence thereafter (in October 2015) and will be completed within 18-months or by March 2017.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (112 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

There are no service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 37,168,230	
Estimated Hard Costs per Unit:	\$ 89,536	(\$10,028,064 /112 units)
Estimated per Unit Cost:	\$ 331,859	(\$37,168,230 /112 units)
Allocation per Unit:	\$ 191,741	(\$21,475,000 /112 units)
Allocation per Restricted Rental Unit:	\$ 191,741	(\$21,475,000 /112 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 21,475,000	\$ 8,541,000
Developer Equity	\$ 0	\$ 500,000
LIH Tax Credit Equity	\$ 745,137	\$ 14,799,740
Direct & Indirect Public Funds	\$ 12,743,417	\$ 12,743,417
Other (Deferred Costs and Accrued Interest)	\$ 2,204,676	\$ 584,073
Total Sources	\$ 37,168,230	\$ 37,168,230

Uses of Funds:	
Acquisition/Land Purchase	\$ 17,110,000
Rehabilitation Costs	\$ 9,081,415
Relocation	\$ 926,620
Architectural	\$ 849,424
Survey & Engineering	\$ 366,000
Contingency Costs	\$ 2,358,310
Construction Period Expenses	\$ 1,725,586
Permanent Financing Expenses	\$ 20,000
Legal Fees	\$ 202,250
Capitalized Reserves	\$ 1,279,088
Other Soft Costs (Marketing, etc.)	\$ 749,537
Developer Costs	\$ 2,500,000
Total Uses	\$ 37,168,230

Description of Financial Structure and Bond Issuance:

This is a Bank of America private placement City of San Francisco Rental Assistance Development. During the construction financing phase the loan term will be for 24 months with a daily floating indicative interest rate of 1.70%. During the permanent financing phase, the loan term will be for 17 years with an amortization period of 35 years at a (fixed) Indicative rate of 4.04%. There was no underwritten rate provided.

Analyst Comments:

Not Applicable

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points: 70 out of 130
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$21,475,000 in tax exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	70

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.