

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: City and County of San Francisco

Allocation Amount Requested:
Tax-exempt: \$63,890,000

Project Information:
Name: Rosa Parks Apartments
Project Address: 1251 Turk Street
Project City, County, Zip Code: San Francisco, San Francisco, 94115

Project Sponsor Information:
Name: RP Associates, LP (RP GP LLC)
Principals: Donald S. Falk, Paul Sussman and Elizabeth Orlin
Property Management Company: Tenderloin Neighborhood Development Corporation (TNDC)

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Bank of America, N.A./Freddie Mac
TEFRA Noticing Date: October 16, 2015
TEFRA Adoption Date: December 1, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 202, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

Rosa Parks consists of 199 existing public housing units located at 1251 Turk Street in the City of San Francisco. The project is being rehabilitated as part of a citywide program under which public housing units currently owned and operated by the San Francisco Housing Authority will convert to the Rental Assistance Demonstration (RAD) program. Under RAD, 3,584 units of public housing in 29 different projects will convert in two phases. Upon completion of the Rosa Parks' rehabilitation, four residential units will be added bringing the unit total to 203. The building encompasses approximately 188,000 square feet of gross floor area, including 172,100 square feet of residential area as well as nearly 15,900 square feet of commercial office space. Residents will have access to a community room, fitness rooms, and indoor and outdoor common areas on the 12th floor. The residential unit distribution will be: 19 Studio units; 101 1-bedroom units; and 83 2-bedroom units. All of the residential units will serve households earning less than 50 percent of the San Francisco County Area Median Income (AMI). The scope of work for the rehabilitation at the project will include new kitchen and bath cabinets and countertops in residential units, upgraded mechanical, electrical, and plumbing systems, improved fire protections, and new mobility and enhanced communication units. There will also be significant common area improvements as well as a reconfiguration of office space for property management and support services. The site rehabilitation work will be completed over a 20-month construction period with households temporarily relocated for approximately six weeks during each phase of the work. All construction is expected to be completed by June 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (202 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	105,291,623	
Estimated Hard Costs per Unit:	\$	136,222	(\$27,516,834 /202 units)
Estimated per Unit Cost:	\$	521,246	(\$105,291,623 /202 units)
Allocation per Unit:	\$	316,287	(\$63,890,000 /202 units)
Allocation per Restricted Rental Unit:	\$	316,287	(\$63,890,000 /202 restricted units)

The Project has total project costs of \$521.246 that appear high for the geographic area in which it is located.

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 63,890,000	\$ 20,854,000
SFHA Seller Carryback Loan	\$ 33,275,000	\$ 33,275,000
Accrued/Deferred Interest	\$ 1,888,911	\$ 1,888,911
Deferred Developer Fee	\$ 2,970,000	\$ 2,970,000
SF MOHCD Gap Loan	\$ 0	\$ 785,814
LIH Tax Credit Equity	\$ 2,281,885	\$ 45,517,698
GP Equity	\$ 0	\$ 100
Total Sources	\$ 104,305,796	\$ 105,291,523
Uses of Funds:		
Land Cost/Acquisition	\$ 33,275,000	
Transfer Tax	\$ 831,875	
Rehabilitation	\$ 38,161,853	
Relocation	\$ 4,448,607	
Architectural Fees	\$ 1,629,839	
Survey & Engineering	\$ 530,080	
Construction Interest & Fees	\$ 7,366,071	
Permanent Financing	\$ 10,000	
Legal Fees	\$ 115,000	
Reserves	\$ 3,536,069	
Appraisal	\$ 15,000	
Contingency Cost	\$ 7,600,385	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,771,844	
Developer Costs	\$ 6,000,000	
Total Uses	\$ 105,291,623	

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project is a private placement transaction provided by the Bank of America, N.A. which will convey the facility to the Federal Home Loan Mortgage Corporation (Freddie Mac) at conversion. During the construction financing phase the loan term will be for 18 months with a variable interest rate of 2.23% . During the permanent financing phase, the loan term will be for 18 years with an amortization period of 35 years at a fixed rate of 4.19%. There was no underwritten rate provided. The bonds will be issued by the City and County of San Francisco.

Analyst Comments:

None

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: 77.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$63,890,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	77.5

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.