

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 14, 2016
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: \$240,000,000

Project Information:
Name: 1601 Mariposa Apartments
Project Address: 1601 Mariposa Street
Project City, County, Zip Code: San Francisco, San Francisco, 94107

Project Sponsor Information:
Name: Mariposa Housing Partners, LLC to own the affordable units and Related/Mariposa Development Co., LLC to own the bond only market rate units
Principals: Greg Vilkin, William A. Witte, Kenneth Wong, Jennifer McCool, Michael J. Brenner for all Related entities.
Property Management Company: Related Management Company

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank, N.A.
Public Sale: Not Applicable
Underwriter: Not Applicable
TEFRA Noticing Date: June 16, 2016
TEFRA Adoption Date: November 15, 2016

Description of Proposed Project:
State Ceiling Pool: Mixed Income
Total Number of Units: 298, plus 1 manager unit
Type: New Construction
Type of Units: Family

The 1601 Mariposa Street development consists of two, 4-story residential buildings with 299 “80/20” rental apartment units. 60 units will be below market rate at no more than 50% AMI. The ground floor will provide lobbies and associated uses for the residences and 8,451 sq.ft. of retail and production, distribution, and repair space. 1601 Mariposa Street will include two buildings, the “East” building and the “West” building, separated by a north-south paseo that bisects the site connecting 18th Street and Mariposa Street. The East building will rise four stories over a two story podium which contains the subterranean parking. The West building will rise two stories over a two story podium. Amenities such as a fitness center, club room, and resident lounge will be located within the buildings and landscaped private courtyards will be accessible by the residents. A second mid-block crossing will connect Arkansas Street with the north-south mid-block crossing and also serve as a buffer between the Project and Live Oak School. Unit amenities include: bathroom fixtures and finishes, kitchen fixtures, finishes and cabinets with gas ranges, Energy Star rated appliances including dishwashers and refrigerators, energy efficient lighting, energy efficient windows, floor and window coverings. Construction is expected to commence in April 2017 and take approximately 24 months to complete.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 20%
20% (60 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 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:	\$ 241,645,975	
Estimated Hard Costs per Unit:	\$ 458,452	(\$136,618,816 /298 units)
Estimated per Unit Cost:	\$ 808,181	(\$241,645,975 /299 units including mgr. units)
Allocation per Unit:	\$ 805,369	(\$240,000,000 /298 units)
Allocation per Restricted Rental Unit:	\$ 4,000,000	(\$240,000,000 /60 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 240,000,000	\$ 225,532,022
LIH Tax Credit Equity	\$ 1,430,698	\$ 16,113,952
Deferred Operating Reserve	\$ 215,276	\$ 0
Total Sources	\$ 241,645,974	\$ 241,645,974

Uses of Funds:	
Land Cost/Acquisition	\$ 32,484,715
New Construction	\$ 142,339,022
Contractor Overhead & Profit	\$ 3,418,748
Architectural Fees	\$ 9,922,736
Construction Interest and Fees	\$ 28,557,117
Legal Fees	\$ 1,250,000
Reserves	\$ 215,276
Contingency Cost	\$ 1,566,336
Local Development Impact Fees	\$ 9,030,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 4,042,927
Developer Costs	\$ 8,819,097
Total Uses	\$ 241,645,974

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:

51 out of 120

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$240,000,000 in tax exempt bond allocation on a carryforward basis.

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	6
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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
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	51

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.