

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**November 16, 2011**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Crystal Alvarez*

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**Applicant:** California Housing Finance Agency

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**Allocation Amount Requested:**  
**Tax-exempt:** \$33,200,000

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**Project Information:**  
**Name:** Woolf House Apartments  
**Project Address:** 801-805 Howard Street  
**Project City, County, Zip Code:** San Francisco, San Francisco, 94103

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**Project Sponsor Information:**  
**Name:** Woolf House Partners, LP (GP/TODCO-B, Inc. and Woolf House, LLC)  
**Principals:** John Elberling and Al Gilbert for both entities  
**Property Management Company:** John Stewart Company

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Red Mortgage Capital, LLC  
**Credit Enhancement Provider:** Red Mortgage Capital, LLC  
**Private Placement Purchaser:** Red Mortgage Capital, LLC / FHA Section 221 (d)  
**TEFRA Hearing Date:** July 13, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 181, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Senior Citizens

The Woolf House project is located on 0.73 of an acre lot (31,779 S.F.). The project is in the San Francisco Redevelopment Agency's Yerba Buena Center Project Area, adjacent to San Francisco's downtown office and retail districts. The target population for the project will be seniors both current tenants as well as their successors. The Woolf House project contains 182 units over 9 floors. The ground floor is home to a number of common area spaces including: the Dining Room/Solarium, Resident Services, recreation, the Laundry Room, Lobby waiting area and interior landscaped courtyard.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
10% (19 units) restricted to 50% or less of area median income households.  
90% (162 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio & 1 bedroom

The project site is within close proximity to public transit, recreation, shopping and South of Market Senior Health Clinic. The project sponsor has committed to providing residents with bona fide service coordinator/social worker.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 68,529,269	
<b>Estimated Hard Costs per Unit:</b>	\$ 85,019	(\$15,388,388 /181 units)
<b>Estimated per Unit Cost:</b>	\$ 378,615	(\$68,529,269 /181 units)
<b>Allocation per Unit:</b>	\$ 183,425	(\$33,200,000 /181 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 183,425	(\$33,200,000 /181 restricted units)
<b>Sources of Funds:</b>		
	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 33,200,000	\$ 22,500,000
Taxable Bond Proceeds	\$ 1,310,688	\$ 0
Developer Equity	\$ 2,500,000	\$ 675,638
LIH Tax Credit Equity	\$ 0	\$ 15,240,490
Seller Loan, Reserves, Accrued Interest, etc.	\$ 30,113,141	\$ 30,113,141
<b>Total Sources</b>	<b>\$ 67,123,829</b>	<b>\$ 68,529,269</b>
<b>Uses of Funds:</b>		
Land Purchase	\$ 33,000,000	
On & Off Site Costs	\$ 269,381	
Hard Construction Costs	\$ 15,119,007	
Architect & Engineering Fees	\$ 1,284,588	
Contractor Overhead & Profit	\$ 919,117	
Developer Fee	\$ 2,500,000	
Relocation	\$ 569,402	
Cost of Issuance	\$ 1,314,943	
Capitalized Interest	\$ 4,515,322	
Other Soft Costs (Marketing, etc.)	\$ 9,037,509	
<b>Total Uses</b>	<b>\$ 68,529,269</b>	

**Description of Financial Structure and Bond Issuance:**

The portion of the tax-exempt bonds, \$16,500,000 will be issued by CalHFA pursuant to the U.S. Treasury Department's New Issuer Bond Program with a 40-year maturity and a fixed interest rate of 4.2%. A separate \$16,700,000 series of bonds will be issued by CalHFA and sold to the public with a 2-year maturity. A loan in the amount of \$33,810,000 is simultanelously being made to the Project under the FHA Section 221(d)(4) mortgage insurance program/GNMAmortgage backed security. The pulblic offering will obtain a rating of "AAA" or "Aaa" from Standard & Poors or Moody's respectively.

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**Analyst Comments:**

Not Applicable

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**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.

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**Total Points:**

64 out of 118

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$33,200,000 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	25
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	1
Community Revitalization Area	15	15	5
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>64</b>

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.