

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 3, 2008
Staff Report
2008 HOUSING ACT VOLUME CAP (H.R. 3221)
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Brady Hill

Applicant: San Francisco Redevelopment Agency

Allocation Amount Requested: **Tax-exempt:** \$26,000,000

Project Information:

Name: **Nihonmachi Terrace Apartments**
Project Address: 1615 Sutter Street
Project City, County, Zip Code: San Francisco, San Francisco, 94107

The proposed Project is located in a Community Revitalization area, more specifically in the Western Addition A-2 Redevelopment Project Area .

Project Sponsor Information:

Name: Nihonmachi Terrace Limited Partnership (Japanese American Religious Federation Housing, Inc.)
Principals: Steven Suzuki, Jeff Matsuoka, David Kamita, Kei Nagai, Will Tsukamoto, Lois Ohwa, Rev. Grace Kaori Suzuki, Rev. Richard Grange, Rev. Rodney Yoo, Emery Fleming Hasegawa, Kiyo Matsuki, John Bollard, Mark Duarte, Kiko Tatedara and Yasuhiko Okiyama

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Not Applicable
Private Placement Purchaser: Citigroup Global Markets Inc.
TEFRA Hearing: October 16, 2008

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 243, plus 2 manager's units
Type: Acquisition and Rehabilitation
Type of Units: Family (174 will be restricted to seniors)

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
74% (180 units) restricted to 50% or less of area median income households.
26% (63 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 , 3 and 4 bedroom

Term of Restrictions: 55 years

Estimated Total Development Cost:	\$35,987,679	
Estimated Hard Costs per Unit:	\$73,579	(\$17,879,745 / 243 units)
Estimated per Unit Cost:	\$148,097	(\$35,987,679 / 243 units)
Allocation per Unit:	\$106,996	(\$26,000,000 / 243 units)
Allocation per Restricted Rental Unit:	\$106,996	(\$26,000,000 / 243 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 26,000,000	\$ 23,249,000
Developer Equity	\$ 100,100	\$ 100,100
LIH Tax Credit Equity	\$ 2,944,758	\$ 9,750,000
Direct & Indirect Public Funds	\$ 980,000	\$ 980,000
Seller Purchase Take Back	\$ 2,894,794	\$ 1,908,579
Deferred Costs	\$ 3,068,027	\$ 0
Total Sources	\$ 35,987,679	\$ 35,987,679

Uses of Funds:	
Acquisition Costs	\$ 5,550,000
Hard Construction Costs	\$ 17,879,745
Architect & Engineering Fees	\$ 1,402,351
Contractor Overhead & Profit	\$ 835,998
Developer Fee	\$ 2,000,000
Relocation	\$ 950,000
Cost of Issuance	\$ 350,500
Capitalized Interest	\$ 1,872,000
Other Soft Costs	\$ 5,147,085
Total Uses	\$ 35,987,679

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: 100.9 out of 128

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$26,000,000 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	0
Large Family Units	5	5	0
Leveraging	10	10	2.9
Exceeding Minimum Term of Restrictions	10	10	10
Community Revitalization Area	15	15	15
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
Total Points	128	108	100.9

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.