

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**July 20, 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:** City and County of San Francisco

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**Allocation Amount Requested:**  
**Tax-exempt:** \$8,100,000

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**Project Information:**  
**Name:** Fell Street Apartments  
**Project Address:** 333 Fell Street  
**Project City, County, Zip Code:** San Francisco, San Francisco, 94102

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**Project Sponsor Information:**  
**Name:** Gough Street Housing Associates (Gough Street Housing, LLC, Fell Street Housing, Inc. and Bridge Housing Corporation)  
**Principals:** Cynthia Parker, Susan M. Johnson, D. Kemp Valentine and Rebecca Hlebasko for both entities Gough Street Housing, LLC and Fell Street Housing  
**Property Management Company:** BRIDGE Property Management Company

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**Project Financing Information:**  
**Bond Counsel:** Quint & Thimmig LLP  
**Private Placement Purchaser:** Wells Fargo Bank, N.A.  
**TEFRA Hearing Date:** May 17, 2011

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 81, plus 1 manager unit  
**Type:** Acquisition and Rehabilitation  
**Type of Units:** Family

The project seeks to green, rehabilitate, and preserve a 17 year old 81 units plus 1 manager unit of low income affordable multifamily apartment building in the heart of San Francisco. There will be no resident displacement associated with this project, which will install photovoltaic and/or solar thermal systems; replacing aging building elements with new greener and higher-performing alternative materials; repair aging skin and decayed structural elements where they occur; conform to updated codes; and prepare the building for another 20 years worth of service as affordable housing.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
46% (37 units) restricted to 50% or less of area median income households.  
54% (44 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio, 1, 2 & 3 bedrooms

Fell Street Apartments is currently home to 207 (28 children and 62 seniors) low-income residents with an average tenure of 11 years and rising. The project has a mix of 4 studios, 20 one-bedroom, 24 two-bedroom, and 34 three-bedrooms for a total of 82 units. One of the three-bedroom units is reserved for on-site project manager.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	14,310,258	
<b>Estimated Hard Costs per Unit:</b>	\$	58,174	(\$4,712,122 /81 units)
<b>Estimated per Unit Cost:</b>	\$	176,670	(\$14,310,258 /81 units)
<b>Allocation per Unit:</b>	\$	100,000	(\$8,100,000 /81 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	100,000	(\$8,100,000 /81 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 8,100,000	\$ 2,510,942
Developer Equity	\$ 750,000	\$ 579,944
LIH Tax Credit Equity	\$ 100,000	\$ 5,460,221
Direct & Indirect Public Funds	\$ 4,939,151	\$ 4,939,151
SF FHLB AHP	\$ 0	\$ 820,000
<b>Total Sources</b>	<b>\$ 13,889,151</b>	<b>\$ 14,310,258</b>

<b>Uses of Funds:</b>	
Acquisition Cost	\$ 6,625,544
Hard Construction Costs	\$ 4,712,122
Architect & Engineering Fees	\$ 208,928
Contractor Overhead & Profit	\$ 472,399
Developer Fee	\$ 945,506
Cost of Issuance	\$ 285,181
Capitalized Interest	\$ 211,458
Other Soft Costs	\$ 849,120
<b>Total Uses</b>	<b>\$ 14,310,258</b>

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

The construction loan will be privately placed with Wells Fargo, N.A. with a variable rate of one month LIBOR plus 250bps. California Communities Reinvestment Corporation will fund the permanent loan at conversion. The term of the loan is with an amortized period of 30 years. The interest rate is the greater of 5.40% or the 15-year AAA muni bond index plus 175 bps for years 1-18.

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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:** 72.5 out of 118

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$8,100,000 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	5
Leveraging	10	10	0
Community Revitalization Area	15	15	15
Site Amenities	10	10	2.5
Service Amenities	10	10	0
New Construction	10	10	0
Sustainable Building Methods	8	8	0
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>72.5</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.