

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 16, 2012
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: \$17,000,000

Project Information:
Name: Ridgeview Terrace Apartments
Project Address: 140 Cashmere Street
Project City, County, Zip Code: San Francisco, San Francisco, 94124

Project Sponsor Information:
Name: 140 Cashmere Street, LP (Ridgeview Affordable Housing, Inc.)
Principals: Larry B. Hollingsworth, Edgar Brown, Harriett Starkes and
Chestene Mason
Property Management Company: The John Stewart Company

Project Financing Information:
Bond Counsel: Sidley Austin, LLP
Underwriter: Citibank, N.A.
Credit Enhancement Provider: Citibank, N.A./Freddie Mac
Private Placement Purchaser: Not Applicable
TEFRA Hearing Date: January 10, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 100, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is an existing 101 multifamily development located in San Francisco's Bayview Hunters Point neighborhood. It was originally build in the early 1970s and has been used as affordable housing since that time. The property includes a mix of families and seniors and has a Section 8 contract for all residential units. The site itself is roughly 4.8 acres in size. Improvements include 8 two- and three-story residential buildings, a community building that houses office space, laundry facilities and meeting space and a small maintenance shed. The unit configuration is comprised of 12 studio units, 36 one-bedroom units, 28 two-bedroom units, 14 three-bedroom units, 10 four-bedroom units and one five-bedroom unit. Of all of these units, 20 will be restricted to households with incomes no greater than 50% of the area median income and 80 will be restricted to households with incomes no greater than 60% of the area median income. The scope of the work is comprehensive and includes new roofs, siding, windows and sliding glass doors, exterior painting, new trash enclosures, landscaping and irrigation improvements, sewer repairs, accessiblity upgrades, interior light fixture replacement and renovated kitchens, bathrooms and flooring in select units (approximately 30-40 units based on existing conditions). Constuction is scheduled to begin in August 2012 and would be completed within approximately 12 months.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
20% (20 units) restricted to 50% or less of area median income households.
80% (80 units) restricted to 60% or less of area median income households.
Unit Mix: Studios, 1-, 2-, 3-, 4- and 5-bedrooms

The proposed project will include a bona fide service coordinator/social worker for ten (10) years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 28,099,937
Estimated Hard Costs per Unit: \$ 86,717 (\$8,671,656 /100 units)
Estimated per Unit Cost: \$ 280,999 (\$28,099,937 /100 units)
Allocation per Unit: \$ 170,000 (\$17,000,000 /100 units)
Allocation per Restricted Rental Unit: \$ 170,000 (\$17,000,000 /100 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 17,000,000	\$ 17,000,000
Deferred Equity	\$ 100	\$ 100
LIH Tax Credit Equity	\$ 7,326,177	\$ 9,718,587
Other (cash flow)	\$ 1,381,250	\$ 1,381,250
Total Sources	\$ 25,707,527	\$ 28,099,937

Uses of Funds:	
Acquisition Cost	\$ 11,843,125
On & Off Site Costs	\$ 598,000
Hard Construction Costs	\$ 8,073,656
Architect & Engineering Fees	\$ 704,135
Contractor Overhead & Profit	\$ 503,964
Developer Fee	\$ 2,350,000
Relocation	\$ 168,490
Cost of Issuance	\$ 306,500
Capitalized Interest	\$ 1,381,250
Other Soft Costs (Marketing, etc.)	\$ 2,170,817
Total Uses	\$ 28,099,937

Description of Financial Structure and Bond Issuance:

The financial structure of the proposed project will be a credit enhancement transaction provided by Citibank, N.A./Freddie Mac. The City and County of San Francisco will issue the bonds. The bonds will be publicly offered with credit enhancement provided by the Federal Home Loan Mortgage Corporation ("Freddie Mac"). Citi will be the bond underwriter. During the construction period, Freddie Mac will advance bond proceeds for construction, although Citibank, N.A. will administer disbursement of the mortgage loan, oversee construction of the project and provide Freddie Mac with an irrevocable standby letter of credit. The construction period will be 30-months plus one 6-month extension option. The permanent loan term following conversion will be 30-years with a 35-year amortization. The underwritten interest rate will be 5.895%

Analyst Comments:

Not Applicable

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:

60 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$17,000,000 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	30
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	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	100	60

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.