

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 26, 2012**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** City and County of San Francisco

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**Allocation Amount Requested:**  
**Tax-exempt:** \$23,900,000

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**Project Information:**  
**Name:** Broadway Sansome Apartments  
**Project Address:** 255 Broadway Street  
**Project City, County, Zip Code:** San Francisco, San Francisco, 94111

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**Project Sponsor Information:**  
**Name:** Broadway Sansome Associates, L.P. (Chinatown Community Development Center)  
**Principals:** Norman Fong, Anna Yee, Fei Tsen, Pasty Chan for Chinatown Community Development Center.  
**Property Management Company:** Chinatown Community Development Center

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Bank of America, N.A.  
**TEFRA Hearing Date:** June 26, 2012

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 74, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

The Broadway-Sansome Apartments is a mixed-use 75 unit housing development for low-and very-low-income families and individuals. All units will include private bathrooms with new sinks, vanities, medicine cabinets, shower and tub enclosures and plumbing fixtures. Unit kitchens will feature a range/stove and range hoods, a refrigerator, and cabinets with granite countertops. Units will feature resilient flooring throughout. The building will contain a hydronic heating system, with individually-controlled baseboard heaters in all of the units. /the resident community will have access to an interior courtyard and roof deck and the support of free, on-site social services.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (74 units) restricted to 50% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

The following service amenities will be provided: instructor-led educational, health and wellness or skill building classes; and an available 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>	\$ 37,511,764	
<b>Estimated Hard Costs per Unit:</b>	\$ 323,750	(\$23,957,530 /74 units)
<b>Estimated per Unit Cost:</b>	\$ 506,916	(\$37,511,764 /74 units)
<b>Allocation per Unit:</b>	\$ 322,973	(\$23,900,000 /74 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 322,973	(\$23,900,000 /74 restricted units)

The Project has total project costs that appear high for the geographic area in which it is located. According to the Project sponsor, the high cost is due to site-related challenges, hazardous soils, San Francisco PUC Requirements, environmental review and local entitlements, architecture, ground floor uses and labor and local hiring requirements.

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 23,900,000	\$ 0
Deferred Developer Fee	\$ 82,500	\$ 82,500
LIH Tax Credit Equity	\$ 2,549,033	\$ 15,015,871
Direct & Indirect Public Funds	\$ 9,783,800	\$ 22,005,277
Other (accrued interest & costs def. to perm)	\$ 1,196,431	\$ 408,116
<b>Total Sources</b>	<b>\$ 37,511,764</b>	<b>\$ 37,511,764</b>

<b>Uses of Funds:</b>	
Acquisition/Land Purchase	\$ 0
Hard Construction Costs	\$ 23,957,530
Architect & Engineering Fees	\$ 2,214,295
Contractor Overhead & Profit	\$ 1,202,391
Developer Fee	\$ 1,200,000
Cost of Issuance	\$ 455,645
Capitalized Interest	\$ 2,001,449
Other Soft Costs (Marketing, etc.)	\$ 6,480,454
<b>Total Uses</b>	<b>\$ 37,511,764</b>

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

Bank of America has committed to a private Placement purchase of the bonds for the construction period of the project. Upon conversion to permanent, the construction bond proceeds will be redeemed with Low-income Housing Tax Credit Equity, HCD MHP funds, AHP funding and the portion of the City and County of San Francisco MOH funds that are anticipated to be held back until conversion. The construction period bonds will be floating rate during construction, based on the BBA LIBOR Daily Floating rate plus 2.00%. The all-in rate during construction used for underwriting is 4.00%.

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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:** 100 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$23,900,000 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	0
Leveraging	10	10	10
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>100</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.