

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Leslie Campaz

Applicant: City and County of San Francisco

Allocation Amount Requested:
Tax-exempt: \$25,000,000

Project Information:
Name: Western Park Apartments
Project Address: 1280 Laguna Street
Project City, County, Zip Code: San Francisco, San Francisco, CA

Project Sponsor Information:
Name: Western Park Apartments, LP (NCPHS WPA, LLC)
Principals: Barbara E. Hood for NCPHS WPA, LLC
Property Management Company: Northern California Presbyterian Homes & Services Inc.

Project Financing Information:
Bond Counsel: Squire Sanders (US) LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: May 7, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 182, plus 0 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens/Federally Assisted At-Risk

The proposed acquisition and rehabilitation project is an existing 182-unit multifamily senior affordable housing development located in the City of San Francisco. The unit mix is comprised of 39 studio units, 135 one-bedroom units, and 8 two-bedroom units. The proposed project will target senior citizens earning up to 60% of the area median income for San Francisco County. The rehabilitation includes interior upgrades and replacements, exterior building modifications, repair and maintenance, and energy upgrades to improve energy efficiency. Rehabilitation is anticipated to commence in October 2013 and completed by December 2014.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
30% (55 units) restricted to 50% or less of area median income households.
70% (127 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

The Project will provide a bona fide service coordinator/ social worker for a minimum of 10 years.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 51,286,131
Estimated Hard Costs per Unit: \$ 80,252 (\$14,605,874 /182 units)
Estimated per Unit Cost: \$ 281,792 (\$51,286,131 /182 units)
Allocation per Unit: \$ 137,362 (\$25,000,000 /182 units)
Allocation per Restricted Rental Unit: \$ 137,362 (\$25,000,000 /182 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 25,000,000	\$ 12,869,500
LIH Tax Credit Equity	\$ 1,900,725	\$ 16,076,858
Other	\$ 18,999,703	\$ 22,339,772
Total Sources	\$ 45,900,428	\$ 51,286,130

Uses of Funds:	
Acquisition/Land Purchase	\$ 23,250,000
On & Off Site Costs	\$ 541,934
Hard Construction Costs	\$ 14,063,940
Architect & Engineering Fees	\$ 1,438,714
Contractor Overhead & Profit	\$ 1,954,952
Developer Fee	\$ 2,500,000
Relocation	\$ 716,647
Cost of Issuance	\$ 608,700
Capitalized Interest	\$ 485,333
Other Soft Costs (Marketing, etc.)	\$ 5,725,911
Total Uses	\$ 51,286,131

Description of Financial Structure and Bond Issuance:

This is a private placement bond transaction with the bonds being purchased by Citibank, N.A. ("the Bank"). The construction period loan will be in the amount of \$25,000,000. Upon conversion to permanent, a portion of the construction loan will be repaid from Low-Income Housing Tax Credit equity. A permanent loan in the estimated amount of \$12,869,000 will remain in place. The loan will be fixed rate. During construction, the applicable interest rate will be equal to the sum of a 2-year maturity "AAA" bond rates ("2 year MMD") plus a spread of 2.00%. The permanent loan rate will be forward lock at loan closing. The rate will be equal to the sum of 15 year maturity "AAA" bond rates as published by "MMD" plus a spread of 2.50%.

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:

65.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$25,000,000 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	20
Exceeding Minimum Income Restrictions:	35	15	28
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
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	7.5
Service Amenities	10	10	5
New Construction	10	10	0
Sustainable Building Methods	10	10	0
Negative Points	-10	-10	0
Total Points	130	110	65.5

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.