

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 18, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Leslie J. Campaz

Applicant: City and County of San Francisco, Mayor's Office of Housing

Allocation Amount Requested:

Tax-exempt: \$5,000,000

The amount of allocation requested is supplemental to the \$25,000,000 of allocation the Project received on July 17, 2013.

Project Information:

Name: Western Park Apartments
Project Address: 1280 Laguna Street
Project City, County, Zip Code: San Francisco, San Francisco, 94115

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
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: July 30, 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

No service amenities will be provided.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 58,941,543
Estimated Hard Costs per Unit: \$ 87,699 (\$15,961,224 /182 units)
Estimated per Unit Cost: \$ 323,854 (\$58,941,543 /182 units)
Allocation per Unit: \$ 164,835 (\$5,000,000 /182 units)
Allocation per Restricted Rental Unit: \$ 164,835 (\$5,000,000 /182 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 30,000,000	\$ 11,653,700
Deferred Developer Fee	\$ 750,000	\$ 750,000
LIH Tax Credit Equity	\$ 927,100	\$ 16,453,183
Other	\$ 23,654,982	\$ 30,084,661
Total Sources	\$ 55,332,082	\$ 58,941,544

Uses of Funds:	
Acquisition/Land Purchase	\$ 29,200,000
Total Hard Construction Costs	\$ 15,961,224
Architect and Engineering Fees	\$ 1,438,714
Contractor Overhead & Profit	\$ 1,954,952
Developer Fee	\$ 2,500,000
Relocation	\$ 716,647
Cost of Issuance	\$ 696,200
Capitalized Reserves	\$ 582,400
Other Soft Costs	\$ 5,891,407
Total Uses	\$ 58,941,544

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 bonds will be fixed rate during construction. The applicable interest rate for the Construction Loan is a rate equal to the sum of 2-year maturity "AAA" bond rates ("2 year MMD") plus a spread of 2.00%. As of the date of this Term Sheet, 2 year MMD is trading at approximately 0.29% for an all-in rate of 2.29%. The permanent bonds will be forward rate locked at bond issuance/ construction loan closing as a fixed rate equal to the sum of 15 year maturity "AAA" bond rates as published by Thompson Municipal Market Monitor ("MMD") plus a spread of 2.50%. Currently, 15 year MMD is trading at approximately 3.23% for a current indicated rate of 5.73%.

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.

Recommendation:

Staff recommends that the Committee approve \$5,000,000 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.