

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 13, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: City and County of San Francisco

Allocation Amount Requested:
Tax-exempt: \$28,500,000

Project Information:
Name: Bayview Senior Housing Apartments
Project Address: 1751 Carroll Avenue
Project City, County, Zip Code: San Francisco, San Francisco, 94124

Project Sponsor Information:
Name: Carroll Avenue Senior Homes, L.P. (Carroll Avenue Senior Homes, MBS GP, Inc. and Bayview Seniors BHPMSS LLC, a California limited liability company)
Principals: Kevin J. McCormack, Kim Hartmann and Daniel Falcon Jr. for Carroll Avenue Senior Homes, MBS GP, Inc.; Cathy Davis, Arelious Walker, and Caesar Chrchwell for Bayview Seniors - BHPMSS LLC, a California Limited Liability Company
Property Management Company: McCormack Baron Ragan Management Services, Inc.

Project Financing Information:
Bond Counsel: Squire Sanders L.L.P.
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: September 10, 2013

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 120, plus 1 manager unit
Type: New Construction
Type of Units: Senior Citizens

The Bayview Senior Housing Apartments Project is located on a vacant lot at the corner of Carroll Avenue and Third Street in San Francisco. The project will be constructed on 1.98 acres. The senior project will enhance and preserve the diversity of the Bayview neighborhood by providing 121 units of quality rental housing for low-income seniors ages 62 and older. Of the 121 units, one unit will be a manager's unit. Senior citizens in the Alice Griffith Sevelopment will have first priority to live in the new building since the Bayview Senior Housing Apartments is the off-site portion and the first phase of development of the Eastern Bayview / Alice Griffith Revitalization Plan through HUD. There will be 23 units reserved for former chronically homeless seniors who will be referred to the project by the Department of Heath Direct Access to Housing Program. Residents of the project and the broader Bayview community will have access to the Senior Center on the ground floor of the building. The Senior Center will be open to all seniors within the area with services including: lunch time meals, recreation activities, educational classes, health and wellness activities, special events and social services/case management.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (120 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

No services are required at this site.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	60,297,331	
Estimated Hard Costs per Unit:	\$	295,566	(\$35,467,865 /120 units)
Estimated per Unit Cost:	\$	502,478	(\$60,297,331 /120 units)
Allocation per Unit:	\$	237,500	(\$28,500,000 /120 units)
Allocation per Restricted Rental Unit:	\$	237,500	(\$28,500,000 /120 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 being constructed in a high cost area, an increase to labor and materials and the development of an underground garage structure below the waterline.

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 28,500,000	\$ 8,550,000
LIH Tax Credit Equity	\$ 4,233,000	\$ 21,165,000
Direct & Indirect Public Funds	\$ 27,564,331	\$ 30,582,331
Total Sources	\$ 60,297,331	\$ 60,297,331

Uses of Funds:	
Acquisition/Land Purchase	\$ 1,316,510
Ground Lease	\$ 5,810,000
On & Off Site Costs	\$ 2,527,844
Hard Construction Costs	\$ 32,940,021
Contractor P&P Bonds/Insurance	\$ 615,679
Developer's Contingency	\$ 3,491,348
Architect & Engineering Fees	\$ 2,156,790
Contractor Overhead & Profit	\$ 1,370,809
Developer Fee	\$ 2,000,000
Building Permits	\$ 1,800,000
Cost of Issuance	\$ 866,350
Capitalized Interest	\$ 990,000
Other Soft Costs (Marketing, etc.)	\$ 4,411,980
Total Uses	\$ 60,297,331

Description of Financial Structure and Bond Issuance:

The tax-exempt bond allocation will be privately placed with Citibank, N.A. The bank has committed to providing the construction and permanent financing for the project. The construction loan will carry a variable rate, based on the SIFMA Swap plus a spread of 1.75% for a period of 30 months. The permanent loan will carry a 20 year term and amortization of 20 years. The construction loan will convert to a permanent loan with a fixed rate equal to the sum of a 22 year maturity "AAA" bond rate as published by Thompson Municipal Market Monitor plus a spread of 2.10%.

Analyst Comments:

It should be noted that the Project's development plan includes a loan from a former redevelopment agency. Based upon guidance from the Department of Finance, staff has determined that a Final & Conclusive Determination Letter, as per Section 5190 of the CDLAC Regulations, is not applicable in this case based upon current statute.

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: 87.5 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$28,500,000 in tax exempt bond allocation on a carryforward basis.

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	7.5
Service Amenities	10	10	0
New Construction	10	10	10
Sustainable Building Methods	10	10	10
Negative Points	-10	-10	0
Total Points	130	100	87.5

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.