

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 20, 2015**  
**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:** \$15,000,000

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**Project Information:**  
**Name:** John Burton Foundation Housing Complex  
**Project Address:** 800 Presidio Avenue  
**Project City, County, Zip Code:** San Francisco, San Francisco, 94115

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**Project Sponsor Information:**  
**Name:** BTW Housing Partners LP (JSCO BTW LLC & Booker T. Washington Community Service Center)  
**Principals:** John K. Stewart, Jack D. Gardner, Daniel Levine and Marie Tustin for JSCO BTW LLC; Laurence D. Griffin, Carlos Reed, Andrea Hayes, Philip Stone, and Patricia Scott for Booker T. Washington Community Service Center.  
**Property Management Company:** John Stewart Company

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**Project Financing Information:**  
**Bond Counsel:** Ballard Spahr Andrews & Ingersoll, LLP  
**Underwriter:** Not Applicable  
**Credit Enhancement Provider:** Not Applicable  
**Private Placement Purchaser:** Citibank, N.A.  
**TEFRA Adoption Date:** July 8, 2014

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 49, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family/Special Needs

The residential building will be located at the corner of Presidio and Sutter Street, with a height of 5 stories within 55 feet, totaling 40,340 square feet. The residential entrance would be provided through the main circulation core located midway along Presidio Ave. The 50 units of affordable housing will be a mix of 48 studios and one 2-BR manager unit. Of the 50 dwelling units, twenty-four studio units will be rented to Transitional Age Youth (TAY), whose income will be less than 25% of Area Median Income (AMI) when they first arrive. Another twenty-four studio units will be rented to low and very-low income households that earn no more than 50% or 60% of area median income. There will be a two two-bedroom unit for the on-site manager. The housing portion of the building will consist of 9-12 units per floor on a double loaded corridor. The fifth floor will spill out onto a residential rooftop deck on the footprint of the gymnasium space below. The ground floor will contain property management offices, service provider offices, a community room and 6 residential units. Planned loan closing and construction start is June 2015. Anticipated construction completion is December 2016.



**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
76% (37 units) restricted to 50% or less of area median income households.  
24% (12 units) restricted to 60% or less of area median income households.  
**Unit Mix:** Studio & 2 bedroom

There are no service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 29,652,747	
<b>Estimated Hard Costs per Unit:</b>	\$ 341,894	(\$16,752,788 /49 units)
<b>Estimated per Unit Cost:</b>	\$ 605,158	(\$29,652,747 /49 units)
<b>Allocation per Unit:</b>	\$ 306,122	(\$15,000,000 /49 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 306,122	(\$15,000,000 /49 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 high construction pricing throughout the San Francisco Bay Area. Their general contractor solicited multiple bids for each trade and the pricing reflects the lower bidders. This project is an infill project on a slope with a neighborhood to the south so it requires additional excavation and shoring. This project is located across the street from the City MUNI bus yard for electric buses so the project has electrified bus wires on both streets it borders. Because of these bus wires as well as electrical power lines on Sutter Street it is not possible to have a crane on the street to efficiently construct the project. Therefore this project will take an additional 5 months to build.

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 15,000,000	\$ 0
Developer Equity	\$ 0	\$ 100
Residual Receipts Loan	\$ 0	\$ 1,000,000
LIH Tax Credit Equity	\$ 2,719,740	\$ 11,189,355
Direct & Indirect Public Funds	\$ 10,710,363	\$ 17,463,292
<b>Total Sources</b>	<b>\$ 28,430,103</b>	<b>\$ 29,652,747</b>
<b>Uses of Funds:</b>		
Acquisition/Land Purchase	\$ 4,275,000	
On & Off Site Costs	\$ 1,099,796	
Hard Construction Costs	\$ 15,652,992	
Architect & Engineering Fees	\$ 1,829,827	
Contractor Overhead & Profit	\$ 1,669,011	
Developer Fee	\$ 880,000	
Muni Fees & CEQA/NEPA Costs	\$ 513,705	
Cost of Issuance	\$ 377,750	
Capitalized Interest	\$ 840,652	
Other Soft Costs (Marketing, etc.)	\$ 2,514,014	
<b>Total Uses</b>	<b>\$ 29,652,747</b>	

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

This is a Citibank, N.A. private placement transaction with the bonds being issued by the City and County of San Francisco. Citibank, NA has committed to a direct purchase of \$15,000,000 in multifamily housing revenue bonds for the John Burton Foundation Housing Complex at closing schedule for June 2015. After construction and lease up tax credit equity will be used to pay off the bonds. Bonds will be structured and drawdown bonds. An amount, currently estimated to be \$15,000,000, but in any event, an amount not to exceed 80% of costs covered through the construction phase. Construction loan terms are 30 months, plus one 6-month extension. A variable rate equal to the 1 Month LIBOR plus a spread of 1.65% during the construction phase. 1 Month LIBOR is 0.17%, for an all-in rate of 1.82%. There is no permanent debt with this project.

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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:** 82.5 out of 130  
[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$15,000,000 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	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	5
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>82.5</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.