

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 16, 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 County of the City of San Francisco

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**Allocation Amount Requested:**  
**Tax-exempt:** \$19,290,833

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**Project Information:**  
**Name:** Transbay Block 8 Affordable Apartments  
**Project Address:** 250 Fremont Street (proposed)  
**Project City, County, Zip Code:** San Francisco, San Francisco, 94105

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**Project Sponsor Information:**  
**Name:** T8 Housing Partners, L.P. (TRCC/T8 Development Co., LLC & T8 Housing Partners MGP, LLC)  
**Principals:** Frank Cardone for TRCC/T8 Development Co., LLC; Donald S. Falk for T8 Housing Partners MGP, LLC  
**Property Management Company:** Related Management Company

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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:** Citibank, N.A.  
**TEFRA Adoption Date:** July 21, 2015

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 79, plus 1 manager unit  
**Type:** New Construction  
**Type of Units:** Family

The Transbay Block 8 Affordable Apartments Project consists of two podiums – a 6-story (65’ tall) podium and an 8-story (85’ tall) podium –which will collectively house 80 affordable units. As a compliment, the Transbay Block 8 80/20 Apartments will be adjacent to the Project & will include a 55-story (550’ tall) residential tower with 116 market rate condos on floors 32-55 and 350 “80/20” rentals on floors 1-31. All buildings will have elevator access. All of the development’s rental components, including the Project, will have minimum 10% mobility units and 5% communication units to comply with accessibility standards. All the units are designated as affordable housing units and their design intends to provide much needed intergenerational housing for San Francisco residents. Construction is due to begin in January of 2016 and is anticipated to be completed in April/May of 2018.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
100% (79 units) restricted to 50% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

The proposed project will not be providing service amenities.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 39,008,791	
<b>Estimated Hard Costs per Unit:</b>	\$ 329,113	(\$25,999,930 /79 units)
<b>Estimated per Unit Cost:</b>	\$ 493,782	(\$39,008,791 /79 units)
<b>Allocation per Unit:</b>	\$ 244,188	(\$19,290,833 /79 units)
<b>Allocation per Restricted Rental Unit:</b>	\$ 244,188	(\$19,290,833 /79 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 City and County of San Francisco's mandates, Construction Type and Materials Selection.

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 19,290,833	\$ 3,205,083
LIH Tax Credit Equity	\$ 1,790,429	\$ 17,904,288
Direct-Indirect Public Funds	\$ 14,801,600	\$ 16,000,000
Other (Donated Land & Deferred Costs)	\$ 3,125,929	\$ 1,899,420
Total Sources	\$ 39,008,791	\$ 39,008,791
<b>Uses of Funds:</b>		
Acquisition/Land Purchase	\$ 750,000	
Hard Construction Costs	\$ 25,999,930	
Architect & Engineering Fees	\$ 3,252,702	
Contractor Overhead & Profit	\$ 1,444,980	
Developer Fee	\$ 2,500,000	
Legal Fees	\$ 350,000	
Fees/Permits	\$ 767,580	
Cost of Issuance	\$ 551,516	
Operating Reserve	\$ 226,508	
Capitalized Interest	\$ 1,333,967	
Other Soft Costs (Marketing, Contingency, etc.)	\$ 1,831,608	
Total Uses	\$ 39,008,791	

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

Citibank N.A. will be the private placement purchaser of the bonds for this project for both the construction and permanent periods. During the construction financing phase the loan term will be for 27 months with a (variable) interest rate of 1.927% . During the permanent financing phase, the loan term will be for 15 years with an amortization period of 35 years at a (variable) rate of 4.495%. There was no underwritten rate provided.

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**Analyst Comments:**

Transbay block 7 & 8 development

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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:** 90.5 out of 130

[See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approve \$19,290,833 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	5
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	8
Negative Points	-10	-10	0
<b>Total Points</b>	<b>130</b>	<b>100</b>	<b>90.5</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.