

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 18, 2016
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: City and County of San Francisco

Allocation Amount Requested:

Tax-exempt: \$87,787,000

Project Information:

Name: Alemany Apartments
Project Address: 938 Ellsworth Street
Project City, County, Zip Code: San Francisco, San Francisco, 94110

Project Sponsor Information:

Name: Alemany Housing Associates, LP (Alemany Housing LLC)
Cynthia Parker, Ann Silverberg, Kimberly McKay, Brad Wiblin,
Principals: Elizabeth Van Benschoten, Rebecca Hlebasko, Susan Johnson,
Lyn Hikida, Chris Nicholson, D. Valentine and Gina Dacus
Property Management Company: BRIDGE Property Management Company

Project Financing Information:

Bond Counsel: Sidley Austin, LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Bank of America, N.A.
TEFRA Noticing Date: October 16, 2015
TEFRA Adoption Date: December 1, 2015

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 148, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Alemany is an existing multifamily apartment complex that is located in the City and County of San Francisco. The Project was built in 1956 and consists of 24 two and three-story structures along Ellsworth Street and Alemany Boulevard. The development is situated on two lots with a combined area of 7.6 acres, and the gross building area amounts to 121,129 square feet. The residential property is a family oriented project with 7 one-bedrooms, 102 two-bedrooms, 47 threebedrooms and 2 four-bedrooms. Of the 158 originally residential units, four are currently used for other purposes: two for the San Francisco Housing Authority's property management, one for a Resident Council office, and one for a San Francisco Police Department substation. The project is currently owned by the San Francisco Housing Authority and is subject to HUD contracts affecting the development and use thereof through the placement of rental restrictions to provide affordable housing in the area. Alemany is located in San Francisco's Bernal Heights District. The primary scope of work will include life safety and accessibility improvements, seismic upgrades, modernization or replacement of original building systems and equipment, resident unit renovations, energy use reduction, and addition of a new community center. The proposed scope of work will also include site work, landscaping, accessibility signage and upgrades, and improvements to common areas. The rehabilitation of the project is expected to begin in October of 2016 and be completed in early 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 97%

97% (143 units) restricted to 50% or less of area median income households.

Unit Mix: 1, 2, 3 & 4 bedrooms

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$	141,915,529
Estimated Hard Costs per Unit:	\$	332,741 (\$49,245,690 /148 units)
Estimated per Unit Cost:	\$	958,889 (\$141,915,529 /148 units)
Allocation per Unit:	\$	593,155 (\$87,787,000 /148 units)
Allocation per Restricted Rental Unit:	\$	613,895 (\$87,787,000 /143 restricted units)

The Project has total project costs of \$958,889 that appear high for the geographic area in which it is located.

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 85,681,000	\$ 24,736,000
Housing Authority Seller Loan	\$ 51,008,000	\$ 51,008,000
SF MOHCD Loan	\$ 0	\$ 2,160,962
Costs Deferred Until Perm Loan Conv.	\$ 587,857	\$ 0
Deferred Developer Fee	\$ 3,550,000	\$ 3,550,000
LIH Tax Credit Equity	\$ 1,088,672	\$ 60,460,567
Total Sources	\$ 141,915,529	\$ 141,915,529
Uses of Funds:		
Land Cost/Acquisition	\$ 51,008,000	
Transfer Tax	\$ 1,305,200	
Rehabilitation	\$ 55,618,940	
Relocation	\$ 5,046,335	
Architectural Fees	\$ 2,200,000	
Survey & Engineering	\$ 46,000	
Construction Interest & Fees	\$ 9,395,599	
Permanent Financing	\$ 20,000	
Legal Fees	\$ 80,000	
Reserves	\$ 1,568,670	
Appraisal	\$ 10,000	
Contingency Cost	\$ 5,645,978	
Other Project Costs (Permit Processing Fees)	\$ 1,242,115	
Other Project Costs (Soft Costs Contingency)	\$ 616,660	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,112,032	
Developer Costs	\$ 6,000,000	
Total Uses	\$ 141,915,529	

Description of Financial Structure and Bond Issuance:

The financial structure for the proposed project is a private placement transaction provided by the Bank of America, N.A. which will convey the facility to the Federal Home Loan Mortgage Corporation (Freddie Mac) at conversion. During the construction financing phase the loan term will be for 36 months with a variable interest rate of 2.23% . During the permanent financing phase, the loan term will be for 18 years with an amortization period of 35 years at a fixed rate of 4.35%. The bonds will be issued by the City and County of San Francisco.

Analyst Comments:

None

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: 82.5 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$87,787,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	0
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	0
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	82.5

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.