

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: \$69,260,000

Project Information:
Name: 320 & 330 Clementina Apartments
Project Address: 320-330 Clementina Street
Project City, County, Zip Code: San Francisco, San Francisco, 94115

Project Sponsor Information:
Name: Clementina Towers Associates, LP (Clementina Towers GP LLC)
Principals: Donald S. Falk, Paul Sussman and Elizabeth Orlin
Property Management Company: Tenderloin Neighborhood Development Corporation (TNDC)

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Bank of America, N.A./Freddie Mac
TEFRA Noticing Date: October 16, 2015
TEFRA Adoption Date: December 1, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 274, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

The proposed project is an existing property located at 320 & 330 Clementina Street in San Francisco, California and sits on 1.47 acres. The subject buildings are two identical concrete 13-story buildings constructed in 1971, each containing 138 residential units. The buildings contain property management and tenant services offices, coin-operated laundry facilities, public restrooms, a community room, and a community kitchen. The buildings are serviced by two elevators each. The unit configuration is as follows: 226 Studio Units and 50 One-Bedroom Units. The occupied rehabilitation will include structural reinforcements up to the 6th floor, unit and common-area accessibility and life-safety upgrades, and general renovations. The interior components of individual units that will be replaced include: cabinetry, plumbing fixtures and fittings, light fixtures, appliances, floor finishes, doors, and hardware. New ducted range hoods will be provided to improve indoor air quality. Electrical load centers will be replaced; GFCI receptacles will be provided at kitchens and counters where they don't currently exist. Construction is expected to begin in September 2016, to be completed in 24 months or July 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (274 units) restricted to 50% or less of area median income households.
Unit Mix: Studio & 1 bedroom

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:	\$	116,354,397	
Estimated Hard Costs per Unit:	\$	120,922	(\$33,132,619 /274 units)
Estimated per Unit Cost:	\$	424,651	(\$116,354,397 /274 units)
Allocation per Unit:	\$	252,774	\$69,260,000 /274 units)
Allocation per Restricted Rental Unit:	\$	252,774	(\$69,260,000 /274 restricted units)

The Project has total project costs of \$424,651 that appear high for the geographic area in which it is located.

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 69,260,000	\$ 23,442,000
SFHA Seller Carryback Loan	\$ 38,659,162	\$ 38,659,162
Accrued/Deferred Interest	\$ 2,532,175	\$ 2,532,175
Deferred Developer Fee	\$ 2,240,000	\$ 2,240,000
LIH Tax Credit Equity	\$ 2,481,548	\$ 49,480,960
GP Equity	\$ 0	\$ 100
Total Sources	\$ 115,172,885	\$ 116,354,397
Uses of Funds:		
Land Cost/Acquisition	\$ 41,075,000	
Transfer Tax	\$ 1,026,875	
Rehabilitation	\$ 36,681,711	
Relocation	\$ 5,483,263	
Architectural Fees	\$ 2,066,339	
Survey & Engineering	\$ 241,675	
Construction Interest & Fees	\$ 9,503,090	
Permanent Financing	\$ 20,000	
Legal Fees	\$ 115,000	
Reserves	\$ 4,581,024	
Appraisal	\$ 15,000	
Contingency Cost	\$ 7,446,898	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,098,522	
Developer Costs	\$ 6,000,000	
Total Uses	\$ 116,354,397	

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 30 months plus one 6-month extension, 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 4.19%. There was no underwritten rate provided. 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 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$69,260,000 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	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	2
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

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.