

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

Prepared by: Richard Fischer

Applicant:	City and County of San Francisco
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Allocation Amount Requested:	
Tax-exempt:	\$98,065,000

Project Information:	
Name:	Ping Yuen Apartments Scattered Site (RAD)
Project Address:	655,711,795 and 895 Pacific Avenue
Project City, County, Zip Code:	San Francisco, San Francisco, 94133

Project Sponsor Information:	
Name:	Ping Yuen, L.P. (Chinatown Public Housing LLC)
Principals:	Norman Fong, Cindy Wu, Susie Wong and Amy Chung for Chinatown Public Housing LLC
Property Management Company:	Chinatown Community Development Center

Project Financing Information:	
Bond Counsel:	Squire Patton Boggs (US) LLP
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 9, 2015

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	233, plus 1 manager unit
Type:	Acquisition and Rehabilitation
Type of Units:	Family

Ping Yuen is located in a three-block area on the south side of Pacific Avenue bounded by Powell and Kearny Streets in San Francisco's Chinatown. Totaling 233 units for low-income families (plus one unit currently used as an office), the project covers most of the block of Pacific Avenue between Stockton Street and Grant Avenue with a seven-story building; at the two flanking blocks, six-story buildings extend more than half of each block's street frontage. After rehabilitation, units will feature new resilient flooring in the kitchens and bathrooms and living areas, and a fresh coat of paint throughout. Five point nine percent of the total units will be reconfigured to be fully accessible to people with physical disabilities and/or hearing and visual impairments. All units, including the ADA units, will be upgraded with new kitchen appliances, countertops, and cabinetry. Unit bathrooms will also be provided with new plumbing fixtures, shower surrounds, and other improvements. New flooring and paint will also be provided in all units. Construction is expected to begin in September 2016 and completed by October 2019. This 3+-year construction period is driven by both the project scope and the temporary relocation schedule.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 99%
99% (230 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:	\$ 173,181,798	
Estimated Hard Costs per Unit:	\$ 194,955	(\$45,424,468 /233 units)
Estimated per Unit Cost:	\$ 743,270	(\$173,181,798 /233 units)
Allocation per Unit:	\$ 420,880	(\$98,065,000 /233 units)
Allocation per Restricted Rental Unit:	\$ 426,370	(\$98,065,000 /230 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, scattered site, no vehicular access to site, adding additional elevator per building and lead and asbestos abatement.

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 98,065,000	\$ 5,412,000
Perm Loan Tax Exempt Tranche B	\$ 0	\$ 20,563,000
SFHA Seller Carryback Loan (2.62%)	\$ 62,160,000	\$ 62,160,000
SFHA Permanent Loan (AFR)	\$ 0	\$ 6,000,000
SFHA MOHCD Gap Loan	\$ 0	\$ 227,887
LIH Tax Credit Equity	\$ 3,405,375	\$ 70,292,509
Deferred Developer Fee	\$ 2,690,514	\$ 2,690,514
General Partner Capital Contribution	\$ 0	\$ 100
Costs Deferred until Completion	\$ 1,025,122	\$ 0
Accrued/ Deferred Interest	\$ 5,835,788	\$ 5,835,788
Total Sources	\$ 173,181,799	\$ 173,181,798
 Uses of Funds:		
Land Cost/Acquisition	\$ 70,022,280	
Rehabilitation	\$ 52,610,674	
Relocation	\$ 7,778,090	
Architectural Fees	\$ 3,173,890	
Survey & Engineering	\$ 317,300	
Construction, Interest and Fees	\$ 15,695,743	
Permanent Financing	\$ 15,000	
Legal Fees	\$ 110,000	
Reserves	\$ 4,399,484	
Appraisal	\$ 6,000	
Contingency Cost	\$ 10,460,135	
Permit Processing Fees	\$ 600,000	
Construction Period Services	\$ 577,111	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,416,091	
Developer Costs	\$ 6,000,000	
Total Uses	\$ 173,181,798	

Description of Financial Structure and Bond Issuance:

This Bond issuance is a City and County of San Francisco private placement bond issuance through Bank of America, N.A. with the permanent lender being Freddie Mac. During the construction financing phase the loan term will be for 48 months with a variable interest rate of 2.38%. 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 4.62%.

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: 85 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$98,065,000 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	10
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	85

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.