

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 20, 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

Allocation Amount Requested:
Tax-exempt: \$52,500,000

Project Information:
Name: 1300 Fourth Street Apartments
Project Address: 1300 Fourth Street
Project City, County, Zip Code: San Francisco, San Francisco, 94158

Project Sponsor Information:
Name: 1300 Fourth Street Associates, L.P. (1300 Fourth Street GP LLC)
Principals: Donald S. Falk, Paul Sussman and Elizabeth Orlin for Taylor Family Housing LP and Margaret Schrand, Lisa Blakely, Elizabeth Tracey, Samia Rashed and Dave Kroot for Tederloin Neighborhood Development Corporation
Property Management Company: Tenderloin Neiborhood Development Corporation (TNDC)

Project Financing Information:
Bond Counsel: Squire Sanders LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Noticing Date: October 26, 2015
TEFRA Adoption Date: December 1, 2015

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 142, plus 1 manager unit
Type: New Construction
Type of Units: Family

1300 Fourth Street, also known as Mission Bay Block 6E, is a 1.45 acre site bounded to the North by China Basin Street, to the East by Fourth Street, and to the South by Mission Bay Boulevard. The Project will include 143 residential units, approximately 10,000 square feet of neighborhood retail, a 41 space above-ground parking structure, and associated amenity spaces. The design features a 5 story Type III building over podium, Type V townhomes and a publicly accessible pedestrian pathway on the Western side of the site. The building will include 53 one-bedroom units, 47 two-bedroom units, 43 three-bedroom units. Twenty percent of the units will be set aside for formerly homeless families, earning 30% AMI or below and the balance will be reserved for households at 50% AMI or below, pursuant to the City and County of San Francisco's Mayor's Office of Housing & Community Development ("MOHCD") guidelines. The Project will include programming, amenities and services designed to meet the needs of low-income families. Unit amenities include full bathrooms in each unit, ovens, refrigerators, and dishwashers in three-bedroom units. Site amenities include a laundry room, community room with warming kitchen, multipurpose room with kitchen, bike storage, and ample outdoor space. The building includes multiple interior courtyards, including a tiered children's' play court and a separate quiet courtyard. The Project is scheduled to begin construction in early Fall 2016 with completion in 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
11% (15 units) restricted to 50% or less of area median income households.
89% (127 units) restricted to 60% 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:

Estimated Total Development Cost: \$ 93,290,657
Estimated Hard Costs per Unit: \$ 456,022 (\$64,755,113 /142 units)
Estimated per Unit Cost: \$ 656,976 (\$93,290,657 /142 units)
Allocation per Unit: \$ 369,718 (\$52,500,000 /142 units)
Allocation per Restricted Rental Unit: \$ 369,718 (\$52,500,000 /142 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 52,500,000	\$ 6,550,000
LIH Tax Credit Equity	\$ 0	\$ 41,562,449
General Partner Contribution	\$ 1,215,000	\$ 1,215,000
Deferred Developer Fee	\$ 0	\$ 973,029
Accrued Deferred Interest	\$ 820,190	\$ 820,190
City of San Francisco OCII Loan	\$ 30,750,000	\$ 35,750,000
Affordable Housing Program	\$ 1,420,000	\$ 1,420,000
Affordable Housing Sustainable Communities	\$ 0	\$ 4,999,989
Total Sources	\$ 86,705,190	\$ 93,290,657

Uses of Funds:	
Land Cost/Acquisition	\$ 148,125
New Construction	\$ 71,677,678
Architectural Fees	\$ 3,980,400
Construction Interest and Fees	\$ 4,713,800
Permanent Financing	\$ 30,000
Legal Fees	\$ 110,000
Reserves	\$ 629,693
Appraisal	\$ 15,000
Contingency Cost	\$ 3,505,434
Utility Fees	\$ 1,409,654
Local Development Impact Fees	\$ 473,409
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,929,435
Developer Costs	\$ 4,668,029
Total Uses	\$ 93,290,657

Description of Financial Structure and Bond Issuance:

This is a City and County of San Francisco bond transaction and is a private placement by Citibank, N.A. During the construction financing phase the loan term will be for 36 months with a variable interest rate of 2.43%. During the permanent financing phase, the loan term will be for 32 years with an amortization period of 35 years at a fixed rate of 4.27%.

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: 89 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$52,500,000 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	29
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	10
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	89

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.