

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 18, 2018
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: \$60,488,962

Project Information: Name: 1950 Mission Street Apartments
Project Address: 1950 Mission Street
Project City, County, Zip Code: San Francisco, San Francisco, 94103

Project Sponsor Information: Name: 1950 Mission Housing Associates, LP (1950 Mission Housing Associates, LLC)
Principals: Rebecca V. Hlebasko for 1950 Mission Housing Associates, LLC
Property Management Company: BRIDGE Property Management

Project Financing Information: Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: Bank of America, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: July 12, 2017
TEFRA Adoption Date: September 19, 2017

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 157
Manager's Units: 2 Unrestricted
Type: New Construction
Population Served: Family

1950 Mission Street Apartments is a new construction project located in San Francisco on a .84-acre site. The project consists of 155 restricted rental units and 2 unrestricted managers' units. The project will have 32 studio units, 36 one-bedroom units, 73 two-bedroom units and 16 three-bedroom units. The building will be nine stories and will be constructed to code as a highrise building. Common amenities include a large community room, laundry facilities, management offices and 138 bike parking spaces. Each unit will have a storage closet, a refrigerator, a stove, an oven, a dishwasher and a garbage disposal. The project will include the following sustainable and green building elements: reduction of energy consumption with LED lighting; a Solar Hot Water system; permeable pavers in the courtyard will allow rainwater to sink into the soil, thereby reducing the storm surge effect. A roof garden will allow residents to connect with nature while enjoying 360-degree views of the city. The construction is expected to begin November 2018 and be completed in March 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
19% (30 units) restricted to 50% or less of area median income households.
81% (125 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points. The Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council). Services will be provided on-site.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 104,776,840
Estimated Hard Costs per Unit: \$ 442,541 (\$69,478,906 /157 units including mgr. units)
Estimated per Unit Cost: \$ 667,368 (\$104,776,840 /157 units including mgr. units)
Allocation per Unit: \$ 385,280 (\$60,488,962 /157 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 390,251 (\$60,488,962 /155 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 60,488,962	\$ 5,992,000
LIH Tax Credit Equity	\$ 0	\$ 41,161,735
Developer Equity	\$ 4,133,924	\$ 0
Deferred Developer Fee	\$ 1,430,000	\$ 1,430,000
Deferred Costs	\$ 1,880,849	\$ 0
HCD AHSC	\$ 0	\$ 10,000,000
SF MOHCD Housing Loan	\$ 36,843,105	\$ 46,193,105
Total Sources	\$ 104,776,840	\$ 104,776,840

Uses of Funds:	
Land Cost/Acquisition	\$ 1,204,540
New Construction	\$ 77,170,244
Contractor Overhead & Profit	\$ 2,255,854
Architectural Fees	\$ 3,688,161
Survey and Engineering	\$ 471,304
Construction Interest and Fees	\$ 7,674,727
Permanent Financing	\$ 99,940
Legal Fees	\$ 70,000
Reserves	\$ 603,800
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 3,831,406
Local Development Impact Fees	\$ 298,514
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,398,350
Developer Costs	\$ 4,000,000
Total Uses	\$ 104,776,840

Analyst Comments:

This project is considered a high cost per unit project. According to the Project Sponsor, the reasons for the high cost are construction preparation and city fees. CEQA approval, environmental studies and remediation costs are higher because of the city fees. The site is very small making the staging and off site costs high. \$1 million dollars required for electrical utility usage connections. The overall project cost increased over the last 12 months 3.61%. Additional factors include small and local business hiring and prevailing wage requirements.

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:

75 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$60,488,962 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	30
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	75