

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: Ruben Barcelo

Applicant: City and County of San Francisco

Allocation Amount Requested: Tax-exempt: \$50,639,862

Project Information: Name: **2060 Folsom Housing Apartments**
Project Address: 2060 Folsom Street
Project City, County, Zip Code: San Francisco, San Francisco, 94110

Project Sponsor Information: Name: 2060 Folsom Housing, L.P. (CCDC 2060 Folsom LLC; and
MEDA 2060 Folsom LLC)
Principals: Norman Fong for CCDC 2060 Folsom LLC; and Luis
Granados for MEDA 2060 Folsom LLC
Property Management Company: Chinatown Community Development Center

Project Financing Information: Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank, 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: April 22, 2018
TEFRA Adoption Date: May 30, 2018

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 127
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

2060 Folsom Housing Apartments is a mixed-use new construction project located on a 0.66-acre site in San Francisco's Mission District. The ground floor will be occupied by youth service providers offering services to residents and to the surrounding community. The project will provide 126 restricted rental units and 1 unrestricted manager unit distributed as 22 studio units, 15 one-bedroom units, 48 two-bedroom units and 42 three-bedroom units. The building will be a nine-story structure. Common amenities include a large community room with kitchen, a youth lounge, laundry room, bicycle parking and a roof-top deck and community room. Units will feature a kitchen equipped with range/oven and cabinets. The two- and three-bedroom units will provide washer and dryer hookups. The project will meet the requirements of the GreenPoint Rated Program. Construction is expected to begin in October 2018 and completed in July 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
32% (40 units) restricted to 50% or less of area median income households.
68% (86 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 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:	\$ 87,252,284	
Estimated Hard Costs per Unit:	\$ 491,475	(\$62,417,347 /127 units including mgr. units)
Estimated per Unit Cost:	\$ 687,026	(\$87,252,284 /127 units including mgr. units)
Allocation per Unit:	\$ 398,739	(\$50,639,862 /127 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 401,904	(\$50,639,862 /126 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 50,639,862	\$ 6,776,000
LIH Tax Credit Equity	\$ 3,206,822	\$ 33,238,224
General Partner Equity	\$ 100	\$ 100
Deferred Developer Fee	\$ 2,799,900	\$ 2,799,900
Deferred Costs	\$ 1,098,490	\$ 0
San Francisco Housing and Community Development Loan	\$ 29,507,110	\$ 33,207,110
FHLB Affordable Housing Program Loan	\$ 0	\$ 1,930,950
HCD Affordable Housing Sustainable Communities Loan	\$ 0	\$ 9,300,000
Total Sources	\$ 87,252,284	\$ 87,252,284

Uses of Funds:	
Land Cost/Acquisition	\$ 221,754
New Construction	\$ 65,769,271
Contractor Overhead & Profit	\$ 2,160,982
Architectural Fees	\$ 3,099,050
Survey and Engineering	\$ 245,000
Construction Interest and Fees	\$ 4,522,119
Permanent Financing	\$ 46,940
Legal Fees	\$ 100,000
Reserves	\$ 587,368
Appraisal	\$ 13,000
Hard Cost Contingency	\$ 3,405,475
Local Development Impact Fees	\$ 471,012
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,610,313
Developer Costs	\$ 4,000,000
Total Uses	\$ 87,252,284

Analyst Comments:

The project's per unit cost exceeds the CDLAC threshold for the following reasons. The building will occupy the entire parcel with no parking areas or driveways, requiring construction materials to be staged offsite with just-in-time deliveries scheduled, adding about 1% to cost. Project plans include construction of mixed use spaces on the ground floor, adding \$2.2 million to project cost. City open space zoning requirement will be met by providing a publicly-accessible promenade leading to an adjacent city park, adding \$600K to project cost. Building design includes construction of a public restroom that will serve the mixed-use space and adjacent public park, adding \$40K to cost. The project's flood zone location requires an elevated building design and special storm water management features, adding \$260K to project cost. Additional restrictions on the project imposed by the city add cost to the project, including dust and pollutant controls, noise restriction outside normal working hours, and requirement for GreenPoint or LEED certification.

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:

84 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$50,639,862 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	9
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	84