

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 12, 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: \$55,280,000
Project Information:	Name: 88 Broadway Apartments Project Address: 88 Broadway Street Project City, County, Zip Code: San Francisco, San Francisco, 94111
Project Sponsor Information:	Name: 88 Broadway Family LP (JSCo 88 Broadway Family, LLC & 88 Broadway Family Bridge, LLC) Principals: John Stewart for JSCo 88 Broadway Family, LLC: Cynthia Parker, Joanna Yong, Kimberly McKay, Smitha Seshadri, Rebecca Hlebasko, D. Valentine, Susan Johnson, for 88 Broadway Family Bridge, LLC Property Management Company: John Stewart Company
Project Financing Information:	Bond Counsel: Orrick, Herrington & Sutcliffe 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: May 27, 2018 TEFRA Adoption Date: July 24, 2018
Description of Proposed Project:	State Ceiling Pool: General Total Number of Units: 125 Manager's Units: 1 Unrestricted Type: New Construction Population Served: Family

88 Broadway Apartments is a new construction project located in San Francisco on a .87-acre site. The project consists of 104 restricted rental units, 10 over 60% AMI units, 10 market rate units and 1 unrestricted manager unit. The project will have 16 studios, 37 one-bedroom units, 48 two-bedroom units and 24 three-bedroom units. The building will be 5 stories constructed of wood frame over a concrete podium. Common amenities include a community room, laundry facilities, management offices, 112 long term bike parking spaces and 18 short term bike parking spaces. Individual unit amenities include efficiency kitchens including a dishwasher, bathroom, walk-in closet, and a coat closet. The construction is expected to begin April 2019 and be completed in November 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 84%
36% (45 units) restricted to 50% or less of area median income households.
48% (59 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. Provide instructor-led educational health and wellness or skill building classes such as; financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health info/awareness, art, parenting, on-site food cultivation and preparation and smoking cessation for a minimum of 84 hours per year.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 101,075,351
Estimated Hard Costs per Unit: \$ 504,306 (\$63,038,304 /125 units including mgr. units)
Estimated per Unit Cost: \$ 808,603 (\$101,075,351 /125 units including mgr. units)
Allocation per Unit: \$ 442,240 (\$55,280,000 /125 units including mgr. units)
Allocation per Restricted Rental Unit: \$ 531,538 (\$55,280,000 /104 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 55,280,000	\$ 17,794,000
LIH Tax Credit Equity	\$ 3,492,758	\$ 36,570,082
Deferred Developer Fee	\$ 10,076,184	\$ 10,076,184
Interest on SF MOHCD Loan	\$ 306,044	\$ 306,044
FHLB AHP	\$ 0	\$ 1,140,000
SF MOHCD Loan	\$ 29,897,002	\$ 33,020,095
Commercial Space Purchase Proceeds	\$ 0	\$ 2,168,946
Total Sources	\$ 99,051,988	\$ 101,075,351

Uses of Funds:	
Land Cost/Acquisition	\$ 74,347
New Construction	\$ 67,946,317
Contractor Overhead & Profit	\$ 2,058,346
Architectural Fees	\$ 3,108,086
Survey and Engineering	\$ 263,258
Construction Interest and Fees	\$ 7,116,799
Permanent Financing	\$ 45,000
Legal Fees	\$ 332,500
Reserves	\$ 645,622
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 3,291,488
Local Development Impact Fees	\$ 900,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,047,404
Developer Costs	\$ 12,236,184
Total Uses	\$ 101,075,351

Analyst Comments:

This project is considered a high cost per unit project. The site is small (only .24 acre) and is near the Embarcadero and Ferry Building, a major thoroughfare and destination with bus, automobile, streetcar, ferry, bicycle, and tour bus traffic. This makes construction more logistically difficult and therefore added costs. The project is also located in a fill zone of the San Francisco Bay and is subject to liquefaction. This site condition creates the need for extensive pile foundations to provide adequate vertical support and seismic strengthening to withstand enhanced seismic loads. In addition, the site is located in the path of the former Embarcadero Freeway viaduct (Caltrans). Existing footings and pilings from the Viaduct remain on the site and requires a complex demolition, excavation and pile foundation strategy.

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:

77.4 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$55,280,000 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	34.9
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	7.5
Service Amenities	10	10	5
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	77.4