

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant: City and County of San Francisco

Allocation Amount Requested: Tax-exempt: \$87,000,000

Project Information: Name: Mission Street Supportive Housing
Project Address: 1064 - 1068 Mission Street
Project City, County, Zip Code: San Francisco, San Francisco, 94103

Project Sponsor Information: Name: 1064 Mission, LP (1064 Mission LLC and Mercy Housing 1064 Mission LLC)
Principals: Mary Elizabeth Stoes, David Cooke, Scott Hagan and Todd Clayer for 1064 Mission LLC; Doug Shoemaker, Vince Dodds and Joe Rosenblum for Mercy Housing 1064 Mission LLC
Property Management Company: Caritas Management Corporation

Project Financing Information: Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: JPMorgan Chase Bank, 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 21, 2019
TEFRA Adoption Date: July 9, 2019

Description of Proposed Project: State Ceiling Pool: General
Total Number of Units: 258
Manager's Units: 2 Unrestricted
Type: New Construction
Population Served: Family

Mission Street Supportive Housing Apartments is a new construction project located in San Francisco. The project will consist of 256 restricted rental units and 2 unrestricted manager units. The project will have 256 studio units and 2 one-bedroom units (manager units). The building will have three wings that flank landscaped courtyards. Common amenities include a community room, laundry facilities, lounge room, property/service offices and 34 bike parking spaces. Ten percent (10%) of the units will include mobility features and four percent (4%) of the units will include communications features. The project will be pursuing Green Point Rating. Green features include solar preheating water and energy efficiency appliances. The construction is expected to begin January 2020 and be completed in August 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (256 units) restricted to 50% or less of area median income households.
Unit Mix: Studio & 1 bedroom

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 140,638,685	
Estimated Hard Costs per Unit:	\$ 347,371	(\$89,621,833 /258 units including mgr. units)
Estimated per Unit Cost:	\$ 545,111	(\$140,638,685 /258 units including mgr. units)
Allocation per Unit:	\$ 337,209	(\$87,000,000 /258 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 339,844	(\$87,000,000 /256 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 87,000,000	\$ 0
LIH Tax Credit Equity	\$ 5,083,214	\$ 52,992,161
Deferred Costs	\$ 4,371,962	\$ 0
General Partner Loan (Cap Campaign)	\$ 0	\$ 2,168,971
Century Housing FHLB AHP Loan	\$ 0	\$ 1,500,000
City of San Francisco MOHCD Loan	\$ 31,705,926	\$ 27,769,645
General Partner Capital	\$ 12,477,553	\$ 12,477,553
City of San Francisco NPLH Loan	\$ 0	\$ 43,730,355
Total Sources	\$ 140,638,655	\$ 140,638,685

Uses of Funds:	Total Project Costs	Residential Costs
Land Cost/Acquisition	\$ 57,189	\$ 54,804
New Construction	\$ 93,938,597	\$ 89,722,836
Contractor Overhead & Profit	\$ 2,916,665	\$ 2,795,669
Architectural Fees	\$ 2,474,461	\$ 2,474,461
Survey and Engineering	\$ 1,561,505	\$ 1,117,752
Construction Interest and Fees	\$ 9,557,300	\$ 9,497,300
Legal Fees	\$ 180,000	\$ 129,170
Reserves	\$ 1,869,682	\$ 1,869,682
Appraisal	\$ 30,000	\$ 28,755
Hard Cost Contingency	\$ 5,942,264	\$ 5,679,816
Local Development Impact Fees	\$ 294,802	\$ 293,821
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 5,308,667	\$ 5,310,893
Developer Costs	\$ 16,507,553	\$ 16,257,553
Total Uses	\$ 140,638,685	\$ 113,664,066

Analyst Comments:

This project is considered a high cost per unit project. According to the application, the factors contributing to the high cost per unit are as follows: poor soil bearing conditions at the site, mitigation and excavation of hazardous material in soil, federal Davis Bacon/State prevailing wages requirement, requirement to comply with San Francisco's stormwater control (installation of permeable pavers and additional landscaping) and retribution of developer fee in the form of GP Equity.

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:

55 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$87,000,000 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	35
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	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
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	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	55