

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: \$44,615,000

Project Information:
Name: Maceo May Apartments
Project Address: 401 Avenue of the Palms
Project City, County, Zip Code: San Francisco, San Francisco, 94130

Project Sponsor Information:
Name: Maceo May Apts, LP (CCDC-Maceo May Apts LLC; and Swords-Maceo May Apts LLC)
Principals: Norman Fong for CCDC-Maceo May Apts LLC and Micheal Blecker for Swords-Maceo May Apts LLC
Property Management Company: Chinatown Community Development Center

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: June 17, 2019
TEFRA Adoption Date: July 30, 20109

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 105
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Maceo May Apartments is a new construction project that will be located in San Francisco on a .74-acre site. The project consists of 104 restricted rental units and 1 unrestricted manager unit. The project will have 24 studio units, 47 one-bedroom units and 34 two-bedroom units. The building will be six-stories. Common amenities include a large community room with a kitchen, a multi-purpose room and conference room, a central courtyard, management offices and 55 bike parking spaces. Each unit will have a refrigerator, electric range/oven, range hoods, plywood cabinets and one full bathroom. There are 19 vehicle parking spaces provided. The project will be pursuing the GreenPoint Rated Program . Green features include low VOC paints, resilient flooring throughout the building and tempered fresh air intakes into each unit. The construction is expected to begin January 2020 and be completed in December 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
22% (23 units) restricted to 50% or less of area median income households.
78% (81 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

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: \$ 76,075,852
Estimated Hard Costs per Unit: \$ 469,757 (\$49,324,446 /105 units including mgr. unit)
Estimated per Unit Cost: \$ 724,532 (\$76,075,852 /105 units including mgr. unit)
Allocation per Unit: \$ 424,905 (\$44,615,000 /105 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 428,990 (\$44,615,000 /104 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 44,615,000	\$ 7,041,059
LIH Tax Credit Equity	\$ 2,930,206	\$ 30,562,061
Deferred Developer Fee	\$ 450,405	\$ 450,405
Deferred Costs	\$ 3,137,241	\$ 0
HCD VHHP Program	\$ 0	\$ 10,000,000
FHLB AHP	\$ 0	\$ 1,040,000
City of San Francisco MOHCD Loan	\$ 23,978,497	\$ 25,102,580
Accrued Interest -MOHCD Loan	\$ 964,503	\$ 964,503
General Partner Contribution	\$ 0	\$ 915,244
Total Sources	<u>\$ 76,075,852</u>	<u>\$ 76,075,852</u>

Uses of Funds:	
Land Cost/Acquisition	\$ 15,000
New Construction	\$ 52,195,071
Contractor Overhead & Profit	\$ 1,859,956
Architectural Fees	\$ 2,903,679
Survey and Engineering	\$ 18,000
Construction Interest and Fees	\$ 5,831,726
Permanent Financing	\$ 67,308
Legal Fees	\$ 20,000
Reserves	\$ 888,747
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 5,211,698
Local Development Impact Fees	\$ 1,014,916
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,534,751
Developer Costs	\$ 3,500,000
Total Uses	<u>\$ 76,075,852</u>

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: escalating construction cost in San Francisco; City and County of San Francisco's subcontractor selection requirements; California HCD Veterans Housing and Homeless Prevention program requirements; prevailing wage and local hiring requirements; development of irregular site (reconfiguration of Treasure Island street grid); massing and street frontage requirements (due to the building's west facade pedestrian walkway requiring the building to step down from six to three stories at this facade to maintain a pedestrian walkway); greywater system; San Francisco Mayor Office on Disability requirements; relocation of replacement housing for formerly homeless veterans currently living in interim housing on Treasure Island and unit furnishing.

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:

51 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$44,615,000 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	31
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	51