

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
February 18, 2020
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: \$49,132,841

Project Information:
Name: Mission Bay South Block 9
Project Address: 410 China Basin Street
Project City, County, Zip Code: San Francisco, San Francisco, 94158

Project Sponsor Information:
Name: Mission Bay 9 LP (Mission Bay 9 CHP LLC and Mission Bay 9 LLC)
Principals: Rick Aubry for Mission Bay 9 CHP LLC; Cynthia Parker, Rebecca Hlebasko, Kim McKay, Susan Johnson, Smitha Seshadri and D. Valentine for Mission Bay 9 LLC
Property Management Company: Community Housing Partnership

Project Financing Information:
Bond Counsel: Quint & Thimmig LLP
Private Placement Purchaser: U.S. Bank National Association
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: September 3, 2019
TEFRA Adoption Date: October 22, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 141
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

Mission Bay South Block 9 Apartments is a new construction project located in San Francisco on a .8-acre site. The project consists of 141 restricted rental units and 1 unrestricted manager unit. The project will have 140 studio units and 1 one-bedroom unit. The building will be a four-story building of wood construction on a concrete grade beam. Common amenities include a lounge, community room, laundry facilities, outdoor terrace and a community garden. Each unit will have a strip kitchen, full bathroom and a closet. There will be two enclosed parking spaces provided. The construction is expected to begin June 2020 and will be completed in September 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

32% (45 units) restricted to 50% or less of area median income households.

68% (95 units) restricted to 60% or less of area median income households.

Unit Mix: Studio & 1 bedroom

The proposed project will be receiving service amenity points. The project will provide instructor-led educational, health and wellness or skill building classes and a Bona-fide Service Coordinator.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 85,238,642	
Estimated Hard Costs per Unit:	\$ 415,478	(\$58,582,368 /141 units including mgr. unit)
Estimated per Unit Cost:	\$ 604,529	(\$85,238,642 /141 units including mgr. unit)
Allocation per Unit:	\$ 348,460	(\$49,132,841 /141 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 350,949	(\$49,132,841 /140 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 49,132,841	\$ 0
LIH Tax Credit Equity	\$ 4,061,882	\$ 42,283,816
Developer Equity	\$ 500,000	\$ 500,000
Deferred Costs	\$ 2,014,432	\$ 0
San Francisco OCII	\$ 28,029,487	\$ 40,954,826
FHLB SF AHP Loan	\$ 1,500,000	\$ 1,500,000
Total Sources	\$ 85,238,642	\$ 85,238,642

Uses of Funds:	
Land Cost/Acquisition	\$ 45,101
Relocation	\$ 100,000
New Construction	\$ 61,430,091
Contractor Overhead & Profit	\$ 2,011,302
Architectural Fees	\$ 1,651,835
Survey and Engineering	\$ 2,479,561
Construction Interest and Fees	\$ 5,487,020
Permanent Financing	\$ 35,000
Legal Fees	\$ 150,000
Reserves	\$ 744,622
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 4,520,086
Local Development Impact Fees	\$ 210,691
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,248,333
Developer Costs	\$ 3,110,000
Total Uses	\$ 85,238,642

Analyst Comments:

This project is considered a high cost per unit project. Any projects in this area are required to pay prevailing wages. Additionally, as mandated by Office of Community Investment (OCII) we are subject to small business enterprise (SBE) and local business enterprise (LBE) hiring requirements, which include direct participation by San Francisco residents. The local hire and prevailing wage requirements on this project represent a combined \$196.00 per square foot cost in our hard costs. Substantial foundation piles (250 feet) are required due to the sites location on top of bay fill which represent roughly \$74.00 per square foot of hard costs. Disposal of Class I soil is required which represents roughly \$36.50 of hard costs. Additional mitigation measures are also required to address surrounding infrastructure settlement again related to the site's location on top of bay fill. The project was also required to receive design approval from OCII, which included several conditions which impact the design of the building. Other funding source requirements include exceeding Title 24 requirements and a complete Photo Voltaic system which together represent roughly \$41.50 per square foot of the construction contract. As an urban infill project, Mission Bay South Block 9 is being constructed on a confined urban site with a neighbor to the east and streets on the other sides. Construction in this type of setting dictates certain premium costs.

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:

120 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$49,132,841 in tax-exempt bond allocation.

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
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
Total Points	145	125	120