

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
April 14, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Isaac Clark III

Applicant: City and County of San Francisco

Allocation Amount Requested:
Tax-exempt: \$29,520,000

Project Information:
Name: 53 Colton
Project Address: 53 Colton Street
Project City, County, Zip Code: San Francisco, San Francisco, 94103

Project Sponsor Information:
Name: Community Housing Partnership (CHP Colton LLC and Strada/CHP
Principals: Rick, Aubry, Chief Executive Office, CHP Colton LLC
Michael Cohen, Manager, Strada/CHP LLC
Property Management Company: Community Housing Partnership

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Silicon Valley Bank
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: November 1, 2019
TEFRA Adoption Date: December 10, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 96
Manager's Units: 0 Unrestricted
Type: New Construction
Population Served: Family

Colton Apartments is a new construction project located in San Francisco on a 0.18-acre site. The project consists of 96 restricted rental units and they are all designated as studio units. The building will be a five story construction. The basement level will contain common areas and building amenities. The ground floor contains property management and services offices as well as six residential units on an upper split-level, accessed by elevators and stairs. This project will offer affordable supportive housing targeted to special needs populations, specifically formerly homeless adults referred through the city and county of San Francisco's coordinated entry system. Common amenities include on-site supportive services, a community room with kitchen and pantry, a lounge area, a laundry room and an outdoor courtyard. Each unit will have a kitchenette with a cooktop, a refrigerator and a microwave. Green features include sustainable energy-efficient lighting, water-saving fixtures and rooftop solar panels. The construction is expected to begin September 2020 and be completed in March 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

31% (30 units) restricted to 50% or less of area median income households.

69% (66 units) restricted to 60% or less of area median income households.

Unit Mix: Studio

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 51,210,606	
Estimated Hard Costs per Unit:	\$ 311,860	(\$29,938,546 /96 units including mgr. units)
Estimated per Unit Cost:	\$ 533,444	(\$51,210,606 /96 units including mgr. units)
Allocation per Unit:	\$ 307,500	(\$29,520,000 /96 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 307,500	(\$29,520,000 /96 restricted units)

Sources of Funds:	Construction	Permanent
Silicon Valley Bank TE Bond Loan	\$ 29,520,000	\$ 11,530,497
Cash Flow Permanent Bonds	\$ 0	\$ 0
0	\$ 0	\$ 0
GP Equity (Administrative GP)	\$ 10,000,000	\$ 10,000,000
LIH Tax Credit Equity	\$ 0	\$ 25,056,513
GP Equity (Managing GP)	\$ 3,373,596	\$ 3,373,596
Costs Deferred Until Conversion	\$ 1,708,464	\$ 0
LP Equity	\$ 2,004,701	\$ 0
0	\$ 0	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Silicon Valley Bank Taxable Loan	\$ 4,603,845	\$ 1,250,000
0	\$ 0	\$ 0
0	\$ 0	\$ 0
0	\$ 0	\$ 0
Total Sources	\$ 51,210,606	\$ 51,210,606

Uses of Funds:	
Land Cost/Acquisition	\$ 700,000
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 31,564,760
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 1,830,872
Survey and Engineering	\$ 1,815,839
Construction Interest and Fees	\$ 3,174,373
Permanent Financing	\$ 10,000
Legal Fees	\$ 120,000
Reserves	\$ 395,140
Appraisal	\$ 30,000
Hard Cost Contingency	\$ 3,168,976
Local Development Impact Fees	\$ 250,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 2,381,890
Developer Costs	\$ 5,768,756
Total Uses	\$ 51,210,606

Analyst Comments:

Construction pricing in the San Francisco Bay Area carries a premium to other markets throughout California. The Project is within the Bay Area Rapid Transit (BART) zone of influence, and as such is required to follow BART's guidelines for design and construction. These guidelines require deeper foundations to avoid any new loads on the BART tunnel, which adds project 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:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$29,520,000 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]	10.00
Large Family Units	5	5	0.00
Gross Rents	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	5.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	145	125	125.00