

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 16, 2020**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Richard Fischer*

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<b>Applicant:</b>	<b>City and County of San Francisco</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$21,762,000
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<b>Project Information:</b>	<b>Name:</b> <b>Fillmore Marketplace</b>
	<b>Project Address:</b> 1223 Webster Street
	<b>Project City, County, Zip Code:</b> San Francisco, San Francisco, 94115

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<b>Project Sponsor Information:</b>	<b>Name:</b> Fillmore Marketplace Housing Partners, L.P. (Fillmore Marketplace Development Co., LLC & San Francisco Housing Development Corporation)
	<b>Principals:</b> Frank Cardone, William A. Witte , Steven D. Sherman , and Ann Silverberg for Fillmore Marketplace Development Co.; David Sobel and Tom Kosotsky for San Francisco Housing Development Corporation.
	<b>Property Management Company:</b> Related Management Company

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Squire Patton Boggs (US) LLP
	<b>Private Placement Purchaser:</b> MUFG Union Bank, N.A.
	<b>Cash Flow Permanent Bond:</b> Not Applicable
	<b>Public Sale:</b> Not Applicable
	<b>Underwriter:</b> Not Applicable
	<b>Credit Enhancement Provider:</b> Not Applicable
	<b>Rating:</b> Not Applicable

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General
	<b>Total Number of Units:</b> 120
	<b>Manager's Units:</b> 2 Unrestricted
	<b>Type:</b> Acquisition and Rehabilitation
	<b>Population Served:</b> Family

Fillmore Marketplace Apartments is an existing project located in San Francisco on an 1.39-acre site. The project consists of 118 restricted rental units and 2 unrestricted manager units. The project has 29 one-bedroom units, 29 two-bedroom units and 64 three-bedroom units. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of siding repairs, roof replacement, window replacements a new coat of paint. Interior renovations will include laundry room, leasing office and community room upgrades. Individual apartment units will be updated with a new appliance package, countertops, cabinets, plumbing fixtures, paint and electrical lighting updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement and ADA compliance updates. The rehabilitation is expected to begin in January 2021 and be completed in December 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%  
92% (108 units) restricted to 50% or less of area median income households.  
8% (10 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1, 2 & 3 bedrooms

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:** \$ 43,025,874  
**Estimated Hard Costs per Unit:** \$ 61,513 (\$7,381,579 /120 units including mgr. units)  
**Estimated per Unit Cost:** \$ 358,549 (\$43,025,874 /120 units including mgr. units)  
**Allocation per Unit:** \$ 181,350 (\$21,762,000 /120 units including mgr. units)  
**Allocation per Restricted Rental Unit:** \$ 184,424 (\$21,762,000 /118 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 21,762,000	\$ 3,502,000
LIH Tax Credit Equity	\$ 675,101	\$ 13,502,029
Deferred Developer Fee	\$ 1,480,000	\$ 1,480,000
Deferred Costs	\$ 339,719	\$ 0
Seller Carryback Loan	\$ 5,000,000	\$ 10,772,791
HCD 1699 Rollover	\$ 11,796,314	\$ 11,796,314
Net Income From Operations	\$ 530,277	\$ 530,277
SFRA Note Rollover	\$ 963,470	\$ 963,470
Existing Project Reserves	\$ 478,993	\$ 478,993
Total Sources	<u>\$ 43,025,874</u>	<u>\$ 43,025,874</u>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 25,000,000
Rehabilitation	\$ 7,909,474
Contractor Overhead & Profit	\$ 590,526
Architectural Fees	\$ 919,449
Survey and Engineering	\$ 45,043
Construction Interest and Fees	\$ 1,416,538
Permanent Financing	\$ 107,510
Legal Fees	\$ 95,000
Reserves	\$ 770,328
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 1,020,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,482,006
Developer Costs	\$ 3,660,000
Total Uses	<u>\$ 43,025,874</u>

**Analyst Comments:**

None

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**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.

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**Total Points:**

140 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$21,762,000 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	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	5
Gross Rents	5	5	5
Leveraging	10	10	10
Community Revitalization Area	5	5	5
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
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>140</b>