

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 9, 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:	\$56,039,857
Project Information:	Name:	Ambassador Ritz Four Percent, L.P.
	Project Address:	55 Mason Street and 216 Eddy Street
	Project City, County, Zip Code:	San Francisco, San Francisco, 94102
Project Sponsor Information:	Name:	Ambassador Ritz Four Percent, L.P. (Ambassador Ritz Four Percent GP LLC and Taylor Family Housing, Inc)
	Principals:	Donald S. Falk, Chief Executive Officer for Ambassador Ritz Four Percent GP LLC and Taylor Family Housing, Inc
	Property Management Company:	Tenderloin Neighborhood Development Corporation
Project Financing Information:	Bond Counsel:	Orrick, Herrington & Sutcliffe 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
Description of Proposed Project:	State Ceiling Pool:	General
	Total Number of Units:	187
	Manager's Units:	0 Unrestricted
	Type:	Acquisition and Rehabilitation
	Population Served:	Family

Ambassador Ritz Four Percent, L.P. is split-site project located in San Francisco. The entire project consists of 187 restricted rental units. The entire project has 187 studio units. Exterior renovations will include laundry rooms and common kitchens on every other floor. 10% of the projects units will be fully ADA accessible and 4% of units will be for Hearing and Visually Impaired (HVI). Unit renovations will include replacement of bathrooms (sinks, fixtures, shower stalls) as well as flooring, cabinetry, appliances and window repairs. Installation of building-wide free wireless internet will be added as well. The rehabilitation is expected to begin in June 2021 and be completed in December 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project:	100%
<u>97%</u> (181 units) restricted to 50% or less of area median income households.	
<u>3%</u> (6 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
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Details of Project Financing:

Estimated Total Development Cost:	\$	107,254,606	
Estimated Hard Costs per Unit:	\$	171,388	(\$32,049,476 /187 units)
Estimated per Unit Cost:	\$	573,554	(\$107,254,606 /187 units)
Allocation per Unit:	\$	299,678	(\$56,039,857 /187 units)
Allocation per Restricted Rental Unit:	\$	299,678	(\$56,039,857 /187 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 56,039,857	\$ 4,967,000
Tranche B Financing	\$ 0	\$ 5,079,000
LIH Tax Credit Equity	\$ 0	\$ 32,952,242
FHLB AHP Loan/OFT Proceeds	\$ 0	\$ 1,442,706
Seller Carryback Loan	\$ 8,108,043	\$ 17,256,933
Withdrawal of Existing Reserve	\$ 836,244	\$ 1,835,186
Assumed AHP Loan / Wells Fargo	\$ 1,094,605	\$ 1,094,605
Acquired Project Reserves	\$ 4,427,000	\$ 4,427,000
Capital Contribution (GP)	\$ 2,262,388	\$ 7,282,012
Assumed CCSF Loans	17,029,568	17,029,568
Assumed HCD CHRP-R Loan	4,828,735	4,828,735
Assumed TNDC Loan	294,359	294,359
Capital Contribution (LP)	\$ 4,195,102	\$ 8,765,260
Total Sources	\$ 99,115,901	\$ 107,254,606

Uses of Funds:	
Land Cost/Acquisition	\$ 40,504,200
Rehabilitation	\$ 35,193,016
Relocation	\$ 4,325,990
Contractor Overhead & Profit	\$ 1,451,280
Architectural Fees	\$ 2,317,917
Survey and Engineering	\$ 469,712
Construction Interest and Fees	\$ 4,997,227
Permanent Financing	\$ 135,617
Legal Fees	\$ 142,086
Reserves	\$ 945,230
Appraisal	\$ 25,157
Hard Cost Contingency	\$ 5,808,420
Other Project Costs	\$ 2,849,130
Developer Costs	\$ 8,089,624
Total Uses	\$ 107,254,606

Analyst Comments:

This project is considered a high cost per unit project. The project is located in the City and County of San Francisco, which has the highest construction costs in the metropolitan statistical area (MSA). Additional cost factors include the high cost of site acquisition, site specific conditions, City of San Francisco requirements, and prevailing wage/local hiring requirements.

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:

135 out of 150 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$56,039,857 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
Gross Rents	5	5	5
Large Family Units	5	5	0
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)	0	0	0
Total Points	150	130	135