

# Buchanan Park Apartments

1150 Webster Street, San Francisco, CA 94115

## Project Description

Buchanan Park Apartments is an affordable multifamily property comprised of 68-units and located at 1150 Webster Street, San Francisco, CA. The property is 2.11 acres and holds four townhouse style buildings onsite that house 24 1-bedroom, 24 2-bedroom, and 20 3-bedroom apartments, as well as a community building at the center of the property. The property also contains a basketball court, a small play structure, 49 uncovered parking spaces, and a perimeter security gate with automated access for residents. The physical condition of the property is decent considering there has not been a considerable rehabilitation, except for new roofing installed within the last 5 years and standard unit turnover. Unit interiors more aptly show the age of the property, as original finishes such as cabinets and countertops are dated compared to other properties. Residents are supported by an onsite property manager, a full time maintenance professional, a computer lab instructor and resource coordinator, as well as a full time security officer.

1150 Webster Street Inc. is the current ownership entity, having a Board of Directors with three seats occupied by EAH, Inc. and two seats occupied by residents. The property was originally built in 1976 and was acquired by EAH under the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA) in September 1996. Initial project financing relied heavily upon a HUD Capital Grant (\$5,163,289), as well as 20-year interest-subsidized mortgage (\$1,508,197), which is nearly fully amortized. Contingent upon the HUD grant, the property has 62 units that are income restricted at 50% AMI and the remaining 6 units are restricted at 80% AMI. The property also has 61 project based Section-8 vouchers, which subsidize rents for the 50% AMI residents.

Given the age of the property and the age of certain crucial building systems, EAH is compelled to undertake a rehabilitation project to upgrade both the functional and cosmetic elements at Buchanan Park. Rehabilitation work will focus on increasing the buildings' seismic capacity through structural additions, replacing outdated mechanical, electrical and plumbing systems, making improvements to meet ADA compliance, introducing new architectural design at the façades, and providing new interior finishes for the units. In order to execute this project, the property will be sold to a related entity, Buchanan Park EAH, LP, which is also under EAH's direction. The current owner, 1150 Webster Street, Inc., will be the managing member of the general partner of the new owner, and a private investor will be admitted to the partnership as a limited partner. We are currently soliciting investors for participation in this partnership.

The project will utilize several sources of funds to pay off the existing mortgage, acquire the property, and complete the rehabilitation work. One source will be investor limited partner equity from the sale of low income housing tax credits, to be allocated by the California Tax Credit Allocation Committee. An application will be submitted requesting a 4% tax credit allocation, which is non-competitive, on August 15, 2014 with an anticipated allocation date of October 15, 2014. Under this financing source, the project will have new income restrictions, with 60 units at 60% AMI, 7 units at 50% AMI, and a non-income manager unit.

Another source will be privately placed tax-exempt bonds, to be allocated by the California Debt Limit Allocation Committee. An application will be submitted on July 18, 2014 with an anticipated allocation

date of September 17, 2014. Upon allocation, these bonds will be issued by the California Municipal Finance Authority and sold to Citibank, which will in turn issue a construction loan for the project to draw on during the construction period. Once the rehabilitation work has been completed, a portion of the construction loan will convert to a permanent mortgage, to be paid debt service by rental income and Section-8 subsidy. The remaining sources will be a loan provided by the seller, project reserves from the seller, and income generated from operations during the construction period.

Under current projections, the financing structure assumes the following sources:

\$3,171,800	Tax-Exempt Direct Placement Perm Loan – Tranche A
\$2,767,000	Tax-Exempt Direct Placement Perm Loan – Tranche B
\$8,050,992	Seller Carryback Loan and accrued interest
\$1,214,390	Project Reserves from Seller
\$245,553	Income from Operations
\$100	General Partner Equity
\$9,125,477	Limited Partner Equity
\$24,575,312	TOTAL

Under current projections, the project assumes the following uses:

\$8,336,996	Acquisition Costs
\$9,713,988	Building Hard Costs
\$490,243	Architecture & Engineering
\$959,427	Relocation
\$1,235,457	Financing Costs
\$589,237	Soft Costs
\$641,464	Reserves
\$108,500	Legal Costs
\$2,500,000	Developer Fee
\$24,575,312	TOTAL