

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2008 1st Round Cycle
Tax-Exempt Bond Project with State Credits
June 20, 2008

Project Number CA-2008-859

Project Name Geary Boulevard Senior Living and Health Center
Site Address: 3575 Geary Boulevard
San Francisco, CA 94118 County: San Francisco
Census Tract: 156

Applicant Information

Applicant: BRIDGE Housing Corporation
Contact Donald B. Lusty
Address: 345 Spear Street, Suite 700
San Francisco, CA 94105
Phone: (415) 989-1111 Fax: (415) 495-4898 Email: dlusty@bridgehousing.com
Sponsors Type: Nonprofit

Information

Housing Type: Senior

Bond Information

Issuer: City and County of San Francisco
Expected Date of Issuance: July 15, 2008
Credit Enhancement: No

Eligible Basis

Actual: \$45,020,432
Requested: \$45,020,432
Maximum Permitted: \$125,721,547

Extra Feature Adjustments:

Required to Pay Prevailing Wages: 20%
Parking Beneath Residential Units: 7%
95% of Upper Floor Units are Elevator-Serviced: 10%
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted Between 50% AMI & 36% AMI: 17%
55-Year Use/Affordability Restriction - Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 83%

Tax Credit Amounts

	Federal/Annual	State/Total
Requested:	\$1,620,736	\$5,852,656
Recommended:	\$1,620,736	\$5,852,656

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt
HCD MHP Funding: Yes
Total # of Units: 150
Total # Residential Buildings: 1

Income/Rent Targeting

Federal Setaside Elected: 40%/60%
 % & No. of Targeted Units: 100%-148 units
 55-Year Use/Affordability Restriction: Yes
 Breakdown by %: 35% @ 30%, 30% @ 35%
 Number of Units @ or below 30% of area median income: 53
 Number of Units @ or below 35% of area median income: 45
 Number of Units @ or below 60% of area median income: 50

Selection Criteria	Max. Possible Points	Requested Points	Points Awarded
Owner/Management Characteristics Maximum of 9 points	9	9	9
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
Housing Needs Maximum of 10 points	10	10	10
Site Amenities Maximum of 15 points	15	15	15
<input checked="" type="checkbox"/> Within ¼ mile of transit stop with service every 30 minutes & 25 units per acre density	7	7	7
<input checked="" type="checkbox"/> Within ¼ mile of public park or community center open to general public	3	3	3
<input checked="" type="checkbox"/> Inner-city project within ½ mile of a full-scale grocery store with staples, fresh m & p	3	3	3
<input checked="" type="checkbox"/> Senior project within ¼ mile of daily operated senior center or facility for seniors	3	3	3
<input checked="" type="checkbox"/> Within ½ mile of medical clinic or hospital	3	3	3
<input checked="" type="checkbox"/> Within ½ mile of a pharmacy	1	1	1
Service Amenities Maximum of 10 points	10	10	10
<input checked="" type="checkbox"/> Educational classes (e.g. ESL, Computer training, etc. and aren't same as After School)	5	5	5
<input checked="" type="checkbox"/> Bona fide service coordinator available	5	5	5
Sustainable Building Methods Maximum of 8 points	8	8	8
<input checked="" type="checkbox"/> New construction/adaptive reuse increases energy efficiency 10% above Title 24	4	4	4
<input checked="" type="checkbox"/> Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
<input checked="" type="checkbox"/> Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
<input checked="" type="checkbox"/> Recycled materials incorporated into: concrete, carpet, road base or landscape	1	1	1
Lowest Income Maximum of 52 points	52	52	52
<input checked="" type="checkbox"/> Basic Targeting	50	50	50
<input checked="" type="checkbox"/> Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed Maximum of 20 points	20	15	15
Total Points	124	119	119

<u>Unit Type & Number</u>	<u>2008 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 SRO/Studio	15%	\$297
4 SRO/Studio	20%	\$396
2 SRO/Studio	25%	\$457
8 SRO/Studio	30%	\$594
13 SRO/Studio	35%	\$693
7 One-Bedroom	20%	\$424
16 One-Bedroom	25%	\$530
9 One-Bedroom	30%	\$636
53 One-Bedroom	35%	\$742
25 One-Bedroom	40%	\$848
5 Two-Bedroom	25%	\$636
4 Two-Bedroom	30%	\$763
2 Two-Bedroom	Manager Units	\$719

The general partner or principal owner BRIDGE Tower, LLC and Northpoint Housing, Inc.

The project developer is BRIDGE Housing Corporation.

The management services will be provided by BRIDGE Property Management Company.

The market analysis was provided by The Concord Group.

The Local Reviewing Agency, the San Francisco Mayor's Office of Housing, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: **\$53,522,586** Per Unit Cost: **\$356,817** Construction Cost Per Sq. Foot: **\$553**

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
WFB—Tax-exempt bonds	\$30,000,000	City of San Francisco	\$27,802,062
WFB—Taxable Tail	\$5,000,000	HCD—MHP	\$7,000,000
City of San Francisco	\$16,162,877	G.P. Equity	\$400,000
G.P. Equity	\$400,000	Investor Equity	\$18,320,524
Investor Equity	\$1,000,000	TOTAL	\$53,522,586

Determination of Credit Amount(s)

Requested Eligible Basis:	\$45,020,432
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis:	\$45,020,432
Applicable Rate:	3.60%
Total Maximum Annual Federal Credit:	\$1,620,736
State Credit Applicable Rate:	13%
Total State Credit:	\$5,852,656
Approved Developer Fee:	\$1,400,000
Tax Credit Factor:	\$.8305

Applicant requests and staff recommends annual federal credits of **\$1,620,736** and total state credits of **\$5,852,656**, based on a qualified basis of **\$45,020,432** and a funding shortfall of \$18,320,524 .

Cost Analysis and Line Item Review

The requested eligible basis **\$45,020,432** is below TCAC's adjusted threshold basis limit **\$125,721,547**. The basis limit includes the adjustment for extraordinary features for projects that are required to pay state or federal prevailing wages, projects that are required to provide parking beneath the residential units, projects that include 95% of upper floor units are elevator-serviced, 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted between 50% AMI & 36% AMI, and 55-year use/affordability restriction for projects where each 1% of low-income units are income targeted at 35% AMI & below. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation.

Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one.

Staff has calculated federal tax credits based on 3.60% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: None

Recommendation: Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
\$1,620,736	\$5,852,656

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC makes the reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project will be permitted without the express approval of TCAC.

The applicant must pay TCAC an allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credits when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

Additional Conditions

Applicants that received 20 points for readiness to proceed must meet ALL of the following requirements. The applicant must be ready to begin construction within 150 days of the Credit Reservation which is November 17, 2008, as evidenced by submission, within that time of, recorded deeds of trust for all construction financing, payment of all construction lender fees, issuance of building permits and notice to proceed delivered to the contractor. Failure to meet this timeline will result in rescission of the Credit Reservation.

Project Analyst: gb