

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 Second Round

September 22, 2010

Project Number CA-2010-243

Project Name Mary Helen Rogers Senior Community
Site Address: 701 Golden Gate Ave
San Francisco, CA 94102 County: San Francisco
Census Tract: 160.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$3,349,110
Recommended:	\$2,500,000	\$3,349,110

Applicant Information

Applicant: MHRSC, L.P.
Contact: Whitney Jones
Address: 1525 Grant Ave
San Francisco, CA 94133
Phone: 415-929-0757 Fax: 415-929-1499
Email: wjones@chinatowncdc.org

General partner(s) or principal owner(s): 701 Golden Gate LLC
Em Johnson Interest, Inc.
General Partner Type: Joint Venture
Developer: MHRSC, L.P.
Investor/Consultant: California Housing Partnership Corporation
Management Agent: Chinatown Community Development Center

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 100
No. & % of Tax Credit Units: 99 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: None
Affordability Breakdown by % (Lowest Income Points):
30% AMI: 20 %
40% AMI: 25 %
50% AMI: 40 %

Information

Set-Aside: N/A
Housing Type: Seniors
Geographic Area: San Francisco County
TCAC Project Analyst: Gina Ferguson

Unit Mix

28 SRO/Studio Units
72 1-Bedroom Units
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100 Total Units

<u>Unit Type & Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 SRO/Studio	30%	19%	\$350
14 1 Bedroom	30%	17%	\$350
8 SRO/Studio	40%	37%	\$696
21 1 Bedroom	40%	39%	\$795
14 SRO/Studio	50%	46%	\$870
36 1 Bedroom	50%	49%	\$994
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Residential Project Cost:	\$41,660,047	Construction Cost Per Square Foot:	\$399
Estimated Commercial Project Cost:	\$566,441	Per Unit Cost:	\$422,265

Construction Financing

Permanent Financing

<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Union Bank	\$18,000,000	SFRA Loan	\$15,001,983
SFRA Loan	\$15,001,983	SFRA Land Lease Value	\$4,550,000
SFRA Land Lease Value	\$4,550,000	SFRA Loan Accrued Interest	\$260,038
SFRA Loan Accrued Interest	\$260,038	AHP	\$495,000
Deferred Costs	\$1,013,830	Tax Credit Equity	\$21,919,467
Tax Credit Equity	\$3,400,637	TOTAL	\$42,226,488

SFRA=San Francisco Redevelopment Agency

Determination of Credit Amount(s)

Requested Eligible Basis:	\$34,179,640
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$34,179,640
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$3,349,110
Approved Developer Fee in Residential Project Cost:	\$1,472,500
Approved Developer Fee in Commercial Project Cost:	\$27,500
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.80000
State Tax Credit Factor:	\$0.57313

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$34,179,640
Actual Eligible Basis:	\$35,508,684
Unadjusted Threshold Basis Limit:	\$23,562,884
Total Adjusted Threshold Basis Limit:	\$34,179,640

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Parking Beneath Residential Units

3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Projects exceeding Title 24 by at least 15%
- Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms
- Projects using vent kitchen range hoods to the exterior of the building in at least 80% of the units

Environmental Mitigation

Utilizing New Energy Technologies

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Seniors
Second:	64.037%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. 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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information:

The applicant has requested and been granted waivers for minimum construction standards related to water heaters and floor coverings under Regulation Sections 10325(f)(7)(F) and (G).

The project will receive an operating subsidy through the City of San Francisco's Local Operating Subsidy Program (LOSP).

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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

Federal Tax Credits/Annual	State Tax Credits/Total
\$2,500,000	\$3,349,110

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC makes the preliminary 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 as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and 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 preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

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 credit 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	2	2	2
Within ½ mile of a weekly farmers' market operating at least 5 months/year	1	1	1
Senior project within ½ mile of daily operated senior center/facility	2	2	2
Within 1 mile of medical clinic or hospital	2	2	2
Within ¼ mile of a pharmacy	2	2	2
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Health/wellness or skill-building classes, minimum instruction of 60 hrs/yr	5	5	5
Sustainable Building Methods	8	8	8
New construction/adaptive reuse energy efficiency 10% above Title 24	4	4	4
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
Formaldehyde free cabinets, countertops and shelving	1	1	1
Construction Indoor Air Quality Management plan	2	2	2
Project design incorporates Universal Design	1	1	1
Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
Project has nonsmoking buildings or contiguous sections w/i a building	1	1	1
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	15	15	15
State Credit Substitution	2	2	2
Total Points	141	141	141

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.