

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2011 Second Round**  
**September 28, 2011**

**Project Number** CA-2011-131

**Project Name** The Cambridge Rehab  
 Site Address: 473 Ellis Street  
 San Francisco, CA 94102 County: San Francisco  
 Census Tract: 125.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$886,508	\$0
Recommended:	\$886,508	\$0

**Applicant Information**

Applicant: Community Housing Partnership  
 Contact: Hershey Hirschkop  
 Address: 280 Turk Street  
 San Francisco, CA 94102  
 Phone: 415-929-2470 Fax: 415-749-2791  
 Email: hhirschkop@chp-sf.org

General partner(s) or principal owner(s): CHP Ellis LLC  
 General Partner Type: Nonprofit  
 Developer: Community Housing Partnership  
 Investor/Consultant: California Housing Partnership Corporation  
 Management Agent: Community Housing Partnership

**Project Information**

Construction Type: Rehabilitation  
 Total # Residential Buildings: 1  
 Total # of Units: 60  
 No. & % of Tax Credit Units: 60 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: CDBG / HUD Project-based Section 8 (60 units - 100%)  
 Average Targeted Affordability of Special Needs/SRO Project Units: 38.33%  
 Affordability Breakdown by Units and % (Lowest Income Points):  
     30% AMI: 35 55 %  
     50% AMI: 25 40 %

**Information**

Set-Aside: Nonprofit Homeless Assistance  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless  
 % of Special Need Units: 60 units 100%  
 Geographic Area: San Francisco County  
 TCAC Project Analyst: Gina Ferguson

**Unit Mix**

60 SRO/Studio Units  
 60 Total Units

<u>Unit Type &amp; Number*</u>	<u>2011 Rents Targeted % of Area Median Income</u>	<u>2011 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
35 SRO/Studio	30%	10%	\$181
25 SRO/Studio	50%	10%	\$181

\*Project has 24-hour desk staffing in lieu of onsite manager unit.

**Project Financing**

Estimated Total Project Cost: \$21,736,452

**Residential**

Construction Cost Per Square Foot: \$456  
 Per Unit Cost: \$362,274

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$7,800,000	HCD MHP Supportive Housing	\$5,005,585
City of San Francisco Loan	\$2,736,525	City of San Francisco Loan	\$2,736,525
Existing HCD CHRP Loan	\$2,073,947	Existing HCD CHRP Loan	\$2,073,947
Existing City of San Francisco Loan	\$2,707,612	Existing City of San Francisco Loan	\$2,707,612
Enterprise Grant	\$25,000	Enterprise Grant	\$25,000
Deferred Costs	\$5,217,788	AHP	\$600,000
Tax Credit Equity	\$1,175,580	Tax Credit Equity	\$8,587,783
		<b>TOTAL</b>	<b>\$21,736,452</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis: \$7,576,996  
 130% High Cost Adjustment: Yes  
 Applicable Fraction: 100.00%  
 Qualified Basis: \$9,850,095  
 Applicable Rate: 9.00%  
 Total Maximum Annual Federal Credit: \$886,508  
 Approved Developer Fee (in Project Cost & Eligible Basis): \$945,000  
 Investor/Consultant: California Housing Partnership Corporation  
 Federal Tax Credit Factor: \$0.96872

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:	\$7,576,996
Actual Eligible Basis:	\$11,724,575
Unadjusted Threshold Basis Limit:	\$12,734,940
Total Adjusted Threshold Basis Limit:	\$16,621,742

**Adjustments to Basis Limit:**

- Required to Pay Prevailing Wages
- Environmental Mitigation
- 95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Second:	<b>91.072%</b>

**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:**

In addition to the 60 project-based Section 8 vouchers, this project has 5 units subsidized by CalHFA's MHSA program (Mental Health Services Act) and a capitalized operating subsidy.

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

**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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$886,508</b>	<b>\$0</b>

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 180-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

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	20	20
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
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
Special Needs/SRO project within ½ mile of facility serving tenant pop.	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ¼ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>SPECIAL NEEDS AND SRO HOUSING TYPES</b>			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>REHABILITATION</b>			
Rehabilitate to improve energy efficiency (change in HERS II rating): 25%	7	7	7
Additional rehab measures: Sustainable Building Mgmt Practices	3	3	3
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
Qualified Census Tract	2	2	2
<b>Total Points</b>	<b>148</b>	<b>148</b>	<b>148</b>

**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.**