

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**Tax-Exempt Bond Project**

**August 29, 2012**

**Project Number** CA-12-843

**Project Name** Ridgeview Terrace Apartments  
Site Address: 140 Cashmere Street  
San Francisco, CA 94124 County: San Francisco  
Census Tract: 231.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,206,072	\$0
Recommended:	\$1,206,072	\$0

**Applicant Information**

Applicant: 140 Cashmere Street, L.P.  
Contact: Larry B. Hollingsworth  
Address: 140 Cashmere Street  
San Francisco, CA 94124  
Phone: (415) 821-7440 Fax: (415) 821-7379  
Email: rview@sbcglobal.net

General partner(s) or principal owner(s): Ridgeview Terrace Affordable Housing, Inc.  
General Partner Type: Nonprofit  
Developer: Ridge Point Non-Profit Housing Corporation  
Investor/Consultant: Boston Financial  
Management Agent: The John Stewart Company

**Project Information**

Construction Type: Acquisition & Rehabilitation  
Total # Residential Buildings: 8  
Total # of Units: 101  
No. & % of Tax Credit Units: 100 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt / HUD Section 8 project-based contract (100 units - 100%)  
HCD MHP Funding: No  
55-Year Use/Affordability: Yes  
Number of Units @ or below 50% of area median income: 20  
Number of Units @ or below 60% of area median income: 80

**Bond Information**

Issuer: San Francisco Mayor's Office of Housing  
Expected Date of Issuance: September 2012  
Credit Enhancement: None

**Information**

Housing Type: Non-Targeted  
 Geographic Area: San Francisco County  
 TCAC Project Analyst: Gina Ferguson

**Unit Mix**

12 SRO/Studio Units  
 36 1-Bedroom Units  
 28 2-Bedroom Units  
 14 3-Bedroom Units  
 11 4-Bedroom Units  


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 101 Total Units

<b>Unit Type &amp; Number</b>	<b>2012 Rents Targeted % of Area Median Income</b>	<b>2012 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
3 SRO/Studio	50%	50%	\$971
9 SRO/Studio	60%	60%	\$1,165
7 1 Bedroom	50%	50%	\$1,040
29 1 Bedroom	60%	60%	\$1,248
5 2 Bedrooms	50%	50%	\$1,248
22 2 Bedrooms	60%	60%	\$1,498
3 3 Bedrooms	50%	50%	\$1,443
11 3 Bedrooms	60%	60%	\$1,731
2 4 Bedrooms	50%	50%	\$1,610
8 4 Bedrooms	60%	60%	\$1,932
1 5 Bedrooms	60%	60%	\$2,132
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,759

**Project Financing**

Estimated Total Project Cost: \$38,153,218

**Residential**

Construction Cost Per Square Foot: \$113  
 Per Unit Cost: \$377,755

**Construction Financing**

**Permanent Financing**

<b>Source</b>	<b>Amount</b>	<b>Source</b>	<b>Amount</b>
Citibank - Tax-Exempt Bonds	\$20,000,000	Citibank	\$20,000,000
Citibank Construction Loan	\$6,000,000	Seller Take Back Loan	\$4,438,343
Seller Loan	\$4,438,346	Income from operations	\$1,293,775
Income from operations	\$1,293,775	General Partner Equity	\$100
General Partner Equity	\$100	Tax Credit Equity	\$12,421,000
Tax Credit Equity	\$2,460,000	<b>TOTAL</b>	<b>\$38,153,218</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$15,423,269
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$17,639,515
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$20,050,250
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	\$17,639,515
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$641,608
Maximum Annual Federal Credit, Acquisition:	\$564,464
Total Maximum Annual Federal Credit:	\$1,206,072
Approved Developer Fee in Project Cost:	\$2,500,000
Approved Developer Fee in Eligible Basis:	\$2,462,500
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$1.02987

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:	\$33,062,784
Actual Eligible Basis:	\$33,062,784
Unadjusted Threshold Basis Limit:	\$39,070,466
Total Adjusted Threshold Basis Limit:	\$54,698,652

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 20%

**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 3.20% of the qualified basis. 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:** None

**Local Reviewing Agency:**

The Local Reviewing Agency, 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>\$1,206,072</b>	<b>\$0</b>

**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 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 reservation 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.

**Additional Conditions:** The applicant/owner is required to provide the tenants with the following service amenities free of charge for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC:

- Bona fide service coordinator

The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- Meet the multiple sustainable building standards utilizing landscaping and construction materials which are compatible with the neighborhood in which the proposed project is to be located, and that the architectural design and construction materials will provide for low maintenance and durability, as well as be suited to the environmental conditions to which the project will be subjected.