

# CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

## Project Staff Report

### 2019 Second Round

September 25, 2019

Eddy Street Senior, located at 430 Eddy Street in San Francisco, requested and is being recommended for a reservation of \$1,525,732 in annual federal tax credits to finance the new construction of 22 units of housing serving seniors with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Global Premier Development, Inc. and will be located in Senate District 11 and Assembly District 17.

**Project Number** CA-19-096

**Project Name** Eddy St Senior  
**Site Address:** 430 Eddy Street  
San Francisco, CA 94109 County: San Francisco  
**Census Tract:** 124.010

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,525,732	\$0
Recommended:	\$1,525,732	\$0

#### Applicant Information

**Applicant:** SF Eddy Housing Investors, LP  
**Contact:** Andrew Hanna  
**Address:** 2010 Main St Ste 1250  
Irvine, CA 92614  
**Phone:** (949) 777-6931  
**Email:** Andrew@GlobalPremierDevelopment.com

**General Partner(s) / Principal Owner(s):** Global Premier Development, Inc.  
Living Hope Housing Foundation  
**General Partner Type:** Joint Venture  
**Parent Company(ies):** Global Premier Development, Inc.  
Living Hope Housing Foundation  
**Developer:** Global Premier Development, Inc.  
**Investor/Consultant:** WNC & Associates  
**Management Agent(s):** WSH Management

#### Project Information

**Construction Type:** New Construction  
**Total # Residential Buildings:** 1  
**Total # of Units:** 23  
**No. & % of Tax Credit Units:** 22 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** None

**Information**

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

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 30% AMI:	3	10%
At or Below 40% AMI:	5	20%
At or Below 50% AMI:	5	20%
At or Below 60% AMI:	9	40%

**Unit Mix**

23 1-Bedroom Units
23 Total Units

<b>Unit Type &amp; Number</b>	<b>2019 Rents Targeted % of Area Median Income</b>	<b>2019 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
3 1 Bedroom	30%	30%	\$907
5 1 Bedroom	40%	40%	\$1,209
5 1 Bedroom	50%	50%	\$1,511
9 1 Bedroom	60%	60%	\$1,814
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$3,200,000
Construction Costs	\$9,889,920
Rehabilitation Costs	\$0
Construction Contingency	\$435,597
Relocation	\$0
Architectural/Engineering	\$800,000
Const. Interest, Perm. Financing	\$181,131
Legal Fees	\$75,000
Reserves	\$166,810
Other Costs	\$263,555
Developer Fee	\$1,750,000
Commercial Costs	\$0
<b>Total</b>	<b>\$16,762,012</b>

**Residential**

Construction Cost Per Square Foot:	\$410
Per Unit Cost:	\$728,783
True Cash Per Unit Cost*:	\$695,509

**Construction Financing**

Source	Amount
Greystone Funding Corporation	\$2,417,700
Deferred Developer Fees	\$765,300
Tax Credit Equity	\$13,579,012

**Permanent Financing**

Source	Amount
Greystone Funding Corporation	\$2,417,700
Deferred Developer Fees	\$765,300
Tax Credit Equity	\$13,579,012
<b>TOTAL</b>	<b>\$16,762,012</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$13,045,202
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$16,958,763
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,525,732
Approved Developer Fee in Project Cost:	\$1,750,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	\$0.89000

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, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$13,045,202
Actual Eligible Basis:	\$13,045,202
Unadjusted Threshold Basis Limit:	\$9,640,266
Total Adjusted Threshold Basis Limit:	\$13,211,455

**Adjustments to Basis Limit**

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages

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

- Irrigate only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens) or irrigate with reclaimed water, grey water, or rainwater in an amount that annually equals or exceeds 20,000 gallons or 300 gallons per unit, whichever is less.
- Community gardens of at least 60 square feet per unit
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms (where no VOC adhesives or backing is used)
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all interior floor space other than units (where no VOC adhesives or backing is also used)
- For new construction projects, meet all requirements of US EPA Indoor Air Plus Program.

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Seniors</b>
Final:	<b>7.391%</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 meet or 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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. 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.

**Significant Information / Additional Conditions**

Staff noted a per unit development cost of \$728,723 per unit. The applicant noted the factors affecting this cost include high real estate costs, high costs for an infill site and HUD requirements to pay prevailing wage.

**Resyndication and Resyndication Transfer Event:** None.

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

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. 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 fifteen 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)(5) 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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<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, service every 30 minutes in rush hours	6	6	6
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within ½ mile of a weekly farmers' market operating at least 5 months/year	2	2	2
Senior project within ½ mile of daily operated senior center/facility	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE/REHABILITATION			
Water Efficiency Irrigate with reclaimed water, greywater, or rainwater	3	3	3
<b>Lowest Income</b>	<b>47</b>	<b>47</b>	<b>47</b>
Basic Targeting	45	45	45
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>103</b>	<b>103</b>	<b>103</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.**