CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 16, 2019
REVISED

Maceo May Apartments, located at 401 Avenue of the Palms in San Francisco, requested and is being recommended for a reservation of $3,101,218 in annual federal tax credits to finance the new construction of 104 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Chinatown Community Development Center and Swords to Plowshares: Veterans Rights Organization and will be located in Senate District 11 and Assembly District 17.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based VASH Vouchers. The project financing includes state funding from the VHHP program of HCD.

Project Number CA-19-552

Project Name Maceo May Apartments
Site Address: 401 Avenue of the Palms
San Francisco, CA 94130 County: San Francisco
Census Tract: 179.02

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$3,101,218	$0
Recommended:	$3,101,218	$0

Applicant Information

Applicant:	Maceo May Apts, L.P.
Contact:	Joanna Ladd
Address:	1525 Grant Avenue San Francisco, CA 94133
Phone:	(415) 929-0759
Email:	jladd@chinatowncdc.org

General Partner(s) or Principal Owner(s):	CCDC-Maceo May Apts LLC Swords-Maceo May Apts LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Chinatown Community Development Center (CCDC) Swords to Plowshares: Veterans Rights Organization
Developer:	CCDC and Swords to Plowshares
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:	105
No. / % of Low Income Units:	104 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based VASH Vouchers (65 units - 63%)

Bond Information

Issuer:	City & County of San Francisco
Expected Date of Issuance:	January 1, 2020

Information

Housing Type:	Non-Targeted
Geographic Area:	San Francisco County
TCAC Project Analyst:	Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	23	22%
60% AMI:	81	78%

Unit Mix

24 SRO/Studio Units
47 1-Bedroom Units
34 2-Bedroom Units
105 Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
19	SRO/Studio	50%	30%	$846
1	1 Bedroom	50%	30%	$906
28	1 Bedroom	60%	41%	$1,231
1	SRO/Studio	60%	38%	$1,078
18	1 Bedroom	60%	41%	$1,231
7	2 Bedrooms	60%	38%	$1,386
18	2 Bedrooms	60%	38%	$1,386
1	SRO/Studio	60%	60%	$1,693
5	2 Bedrooms	60%	46%	$1,663
3	SRO/Studio	60%	30%	$846
3	2 Bedrooms	50%	38%	$1,386
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$15,000
Construction Costs	$54,055,027
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$4,386,387
Soft Cost Contingency	$825,311
Relocation	$0
Architectural/Engineering	$2,921,679
Const. Interest, Perm. Financing	$5,899,034
Legal Fees	$20,000
Reserves	$888,747
Other Costs	$3,564,667
Developer Fee	$3,500,000
Commercial Costs	$0
Total	**$76,075,852**

Residential

Construction Cost Per Square Foot:	$520
Per Unit Cost:	$724,532
True Cash Per Unit Cost*:	$720,242

Construction Financing

Source	Amount
Chase	$44,615,000
City of San Francisco MOHCD	$23,978,497
Accrued Interest - MOHCD	$964,503
Deferred Costs	$3,137,241
Deferred Developer Fee	$450,405
Tax Credit Equity	$2,930,206

Permanent Financing

Source	Amount
Chase	$7,041,059
City of San Francisco MOHCD	$25,102,580
Accrued Interest - MOHCD	$964,503
HCD VHHP	$10,000,000
AHP	$1,040,000
Deferred Developer Fee	$450,405
General Partner Equity	$915,244
Tax Credit Equity	$30,562,061
TOTAL	**$76,075,852**

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	$72,289,470
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$93,976,311
Applicable Rate:	3.30%
Maximum Annual Federal Credit:	$3,101,218
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,500,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$0.98549

Except as allowed for projects basing cost on assumed third party debt, the "as if vacant" land value and the existing improvement value established at application for all projects, 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. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	$72,289,470
Actual Eligible Basis:	$72,289,470
Unadjusted Threshold Basis Limit:	$51,749,590
Total Adjusted Threshold Basis Limit:	$78,659,377

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages
95% of Upper Floor Units are Elevator-Serviced
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 22%

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 3.30% 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.

Significant Information / Additional Conditions

The per unit development cost is $724,532. The cost is attributed to the requirements of the City and County of San Francisco, prevailing wages, and reconfiguration of the street grid. The project will also provide unit furnishings for all formerly homeless residents.

Resyndication and Resyndication Transfer Event: None

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.

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.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.