

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**December 11, 2019**

Frederick Douglas Haynes Gardens Apartments, located at 1049 Golden Gate Avenue in San Francisco, requested and is being recommended for a reservation of \$3,556,522 in annual federal tax credits to finance the acquisition and rehabilitation of 103 units of housing serving large families with rents affordable to households earning 50-80% of area median income (AMI). The project will be developed by HumanGood Affordable Housing and is 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 Vouchers.

**Project Number** CA-19-581

**Project Name** Frederick Douglas Haynes Gardens Apartments  
**Site Address:** 1049 Golden Gate Avenue  
San Francisco, CA 94115 County: San Francisco  
**Census Tract:** 161.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$3,556,522	\$0
Recommended:	\$3,556,522	\$0

**Applicant Information**

**Applicant:** FD Haynes Apartments, LP  
**Contact:** Ancel Romero  
**Address:** 6120 Stoneridge Mall Rd., Ste. 100  
Pleasanton, CA 94588  
**Phone:** (925) 924-7197  
**Email:** Ancel.Romero@humangood.org

**General Partner or Principal Owner:** FD Haynes GP, LLC  
**General Partner Type:** Nonprofit  
**Parent Company:** HumanGood Affordable Housing  
**Developer:** HumanGood Affordable Housing  
**Investor/Consultant:** Raymond James Tax Credit Funds, Inc.  
**Management Agent:** HumanGood Affordable Housing

**Project Information**

**Construction Type:** Acquisition & Rehabilitation  
**Total # Residential Buildings:** 6  
**Total # of Units:** 104  
**No. / % of Low Income Units:** 103 100.00%  
**Federal Set-Aside Elected:** 40%/60% Average Income  
**Federal Subsidy:** Tax-Exempt / HUD Section 8 Project-based Vouchers (84 units - 81%)

**Bond Information**

Issuer: City of San Francisco  
 Expected Date of Issuance: April 1, 2020

**Information**

Housing Type: Large Family  
 Geographic Area: San Francisco County  
 TCAC Project Analyst: Ruben Barcelo

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
50% AMI: 84	82%
60% AMI: 4	4%
80% AMI: 15	15%

**Unit Mix**

26 1-Bedroom Units
40 2-Bedroom Units
29 3-Bedroom Units
9 4-Bedroom Units
<b>104 Total Units</b>

<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>
26 1 Bedroom	50%	41%	\$1,233
34 2 Bedrooms	50%	38%	\$1,387
2 2 Bedrooms	60%	46%	\$1,664
4 2 Bedrooms	80%	61%	\$2,219
16 3 Bedrooms	50%	37%	\$1,540
2 3 Bedrooms	60%	44%	\$1,848
10 3 Bedrooms	80%	59%	\$2,463
8 4 Bedrooms	50%	36%	\$1,664
1 4 Bedrooms	80%	57%	\$2,661
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$18,276,362
Construction Costs	\$0
Rehabilitation Costs	\$42,867,274
Construction Hard Cost Contingency	\$6,430,091
Soft Cost Contingency	\$571,587
Relocation	\$4,763,000
Architectural/Engineering	\$2,691,680
Const. Interest, Perm. Financing	\$5,855,472
Legal Fees	\$90,000
Reserves	\$2,228,846
Other Costs	\$1,457,935
Developer Fee	\$11,452,094
Commercial Costs	\$0
<b>Total</b>	<b>\$96,684,341</b>

**Residential**

Construction Cost Per Square Foot:	\$411
Per Unit Cost:	\$929,657
True Cash Per Unit Cost*:	\$843,868

**Construction Financing**

Source	Amount
Citibank	\$47,760,000
Citibank Taxable Loan	\$18,000,000
Seller Carryback Loan	\$12,020,282
Operating Income	\$1,703,010
Deferred Developer Fee	\$8,922,094
Tax Credit Equity	\$8,278,955

**Permanent Financing**

Source	Amount
Citibank	\$40,252,000
Seller Carryback Loan	\$12,020,282
Operating Income	\$1,703,010
Deferred Developer Fee	\$8,922,094
Tax Credit Equity	\$33,786,955
<b>TOTAL</b>	<b>\$96,684,341</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$66,782,584
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$20,966,800
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$86,817,359
Qualified Basis (Acquisition):	\$20,966,800
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$2,864,618
Maximum Annual Federal Credit, Acquisition:	\$691,904
Total Maximum Annual Federal Credit:	\$3,556,522
Approved Developer Fee in Project Cost:	\$11,452,094
Approved Developer Fee in Eligible Basis:	\$11,402,094
Investor/Consultant:	Raymond James Tax Credit Funds, Inc.
Federal Tax Credit Factor:	\$0.95000

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:	\$87,749,384
Actual Eligible Basis:	\$87,749,384
Unadjusted Threshold Basis Limit:	\$63,960,982
Total Adjusted Threshold Basis Limit:	\$115,769,377

**Adjustments to Basis Limit**

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 81%

**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 project's total development cost per unit is estimated at \$929,657. This high cost is a result of the very substantial rehabilitation required of all of the project's buildings, individual units, major systems and landscape. Contributing to the cost are the especially high labor and material costs that have particularly affected Bay Area projects.

**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.