

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
January 15, 2020

Mission Bay South Block 9, located at 410 China Basin Street in San Francisco, requested and is being recommended for a reservation of \$3,447,226 in annual federal tax credits and \$12,276,445 in total state tax credits to finance the new construction of 140 units of housing serving tenants with rents affordable to households earning 50%-60% of area median income (AMI). The project will be developed by Community Housing Partnership and will be located in Senate District 11 and Assembly District 17.

The project will be receiving rental assistance in the form of Local Operating Subsidy Program from the City and County of San Francisco.

Project Number CA-20-432

Project Name Mission Bay South Block 9
Site Address: 410 China Basin Street
 San Francisco, CA 94158 County: San Francisco
Census Tract: 607.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,447,226	\$12,276,445
Recommended:	\$3,447,226	\$12,276,445

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Mission Bay 9 LP
Contact: Serena Callaway
Address: 20 Jones Street, Suite 200
 San Francisco, CA 94102
Phone: (415) 852-5341
Email: scallaway@chp-sf.org

General Partner(s) or Principal Owner(s): Mission Bay 9 CHP LLC
 Mission Bay 9 LLC

General Partner Type: Nonprofit

Parent Company(ies): Community Housing Partnership
 BRIDGE Housing Corporation

Developer: Community Housing Partnership

Investor/Consultant: California Housing Partnership Corporation

Management Agent: Community Housing Partnership

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 141
 No. / % of Low Income Units: 140 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Bond Information

Issuer: Mayor's Office of Housing and Community Development
 Expected Date of Issuance: June 1, 2020

Information

Housing Type: Non-Targeted
 Geographic Area: San Francisco County
 TCAC Project Analyst: Carmen Doonan

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 45	32%
60% AMI: 95	68%

Unit Mix

140 SRO/Studio Units
 141 Total Units

<u>Unit Type & Number</u>	<u>2019 Rents Targeted % of Area Median Income</u>	<u>2019 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
45 SRO/Studio	50%	11%	\$300
95 SRO/Studio	60%	11%	\$300
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$45,101
Construction Costs	\$63,441,393
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,520,086
Soft Cost Contingency	\$712,924
Relocation	\$100,000
Architectural/Engineering	\$4,131,396
Const. Interest, Perm. Financing	\$5,522,020
Legal Fees	\$150,000
Reserves	\$744,622
Other Costs	\$2,761,100
Developer Fee	\$3,110,000
Commercial Costs	\$0
Total	\$85,238,642

Residential

Construction Cost Per Square Foot:	\$926
Per Unit Cost:	\$604,529
True Cash Per Unit Cost*:	\$604,529

Construction Financing

Permanent Financing

Source	Amount	Source	Amount
US Bank	\$49,132,841	San Francisco OCII ¹	\$40,954,826
San Francisco OCII ¹	\$28,029,487	AHP	\$1,500,000
AHP	\$1,500,000	General Partner Contribution	\$250,000
Deferred Costs	\$2,014,432	General Partner Contribution	\$250,000
General Partner Contribution	\$500,000	Tax Credit Equity	\$42,283,816
Tax Credit Equity	\$4,061,882	TOTAL	\$85,238,642

¹San Francisco Office of Community Investment and Infrastructure

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$81,842,968
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$106,395,859
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$3,447,226
Total State Credit:	\$12,276,445
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,110,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.96070
State Tax Credit Factor:	\$0.74666

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:	\$81,842,968
Actual Eligible Basis:	\$81,842,968
Unadjusted Threshold Basis Limit:	\$58,214,034
Total Adjusted Threshold Basis Limit:	\$94,517,426

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

Local Development Impact Fees

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: 32%

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 3.24% 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 proposed rents do not include any utility allowance. The owner will pay for all utilities.

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.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

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.