

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

April 14, 2020

833 Bryant Apartments, located at 833 Bryant Street in San Francisco, requested and is being recommended for a reservation of \$2,420,717 in annual federal tax credits to finance the new construction of 145 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Mercy Housing California and will be located in Senate District 11 and Assembly District 17.

Project Number CA-20-545

Project Name 833 Bryant Apartments
Site Address: 833 Bryant Street
San Francisco, CA 94103 County: San Francisco
Census Tract: 180.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,420,717	\$0
Recommended:	\$2,420,717	\$0

Applicant Information

Applicant: 833 Bryant, L.P.
Contact: Barbara Gualco
Address: 833 Bryant Street
San Francisco, CA 94103
Phone: 415.355.7116
Email: bgualco@mercyhousing.org

General Partner(s) or Principal Owner(s): 833 Bryant LLC
General Partner Type: Nonprofit
Parent Company(ies): Mercy Housing Calwest
Developer: Mercy Housing California
Investor/Consultant: California Housing Partnership
Management Agent: Mercy Housing Management Group

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 146
 No. / % of Low Income Units: 145 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Bond Information

Issuer: California Housing Finance Agency
 Expected Date of Issuance: July 1, 2020

Information

Housing Type: Non-Targeted
 Geographic Area: San Francisco County
 TCAC Project Analyst: Marlene McDonough

55-Year Use / Affordability

Aggregate Targeting		Percentage of
Number of Units		Affordable Units
50% AMI:	44	30%
60% AMI:	101	70%

Unit Mix

145 SRO/Studio Units
 1 1-Bedroom Units
 146 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
44 SRO/Studio	50%	9%	\$250
101 SRO/Studio	60%	9%	\$250
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$7,365,952
Construction Costs	\$42,436,199
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,133,543
Soft Cost Contingency	\$514,249
Relocation	\$0
Architectural/Engineering	\$2,053,318
Const. Interest, Perm. Financing	\$4,505,829
Legal Fees	\$154,545
Reserves	\$2,490,768
Other Costs	\$2,250,441
Developer Fee	\$6,805,463
Commercial Costs	\$321,595
Total	\$71,031,902

Residential

Construction Cost Per Square Foot:	\$687
Per Unit Cost:	\$484,317
True Cash Per Unit Cost*:	\$484,317

Construction Financing

Source	Amount
Citibank, N.A.	\$38,930,000
SFHAF - HHF ¹	\$21,435,638
Deferred Costs	\$3,352,922
General Partner Capital	\$5,139,970
Tax Credit Equity	\$2,173,372

Permanent Financing

Source	Amount
Citigroup Global Markets, Inc.	\$34,256,000
SFHAF - HHF ¹	\$7,787,208
General Partner Capital	\$5,139,970
Tax Credit Equity	\$23,848,724
TOTAL	\$71,031,902

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

¹ SFHAF - San Francisco Housing Accelerator Fund / HHF - Homes for the Homeless fund

Determination of Credit Amount(s)

Requested Eligible Basis:	\$57,471,909
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$74,713,482
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$2,420,717
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,805,463
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.98519

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:	\$57,471,909
Actual Eligible Basis:	\$57,471,909
Unadjusted Threshold Basis Limit:	\$64,395,446
Total Adjusted Threshold Basis Limit:	\$103,032,714

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

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

This project will have a ground lease with San Francisco Homes for the Homeless No. 1 LLC.

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.