CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 14, 2020

53 Colton, located at 53 Colton Street in San Francisco, requested and is being recommended for a reservation of $2,042,832 in annual federal tax credits and $6,377,500 in total state tax credits to finance the new construction of 96 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 financing includes state funding from the MHP program of HCD and an operating subsidy from the city of San Francisco.

Project Number CA-20-530

Project Name 53 Colton
Site Address: 53 Colton Street
San Francisco, CA 94103 County: San Francisco
Census Tract: 201.00

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$2,042,832	$6,377,500
Recommended:	$2,042,832	$6,377,500

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Community Housing Partnership
Contact: Serena Callaway
Address: 20 Jones Street, Ste. 200
San Francisco, CA 94102
Phone: 415-852-5341
Email: scallaway@chp-sf.org

General Partner(s) or Principal Owner(s): CHP Colton, LLC
Strada/CHP, LLC
General Partner Type: Joint Venture
Parent Company(ies): Community Housing Partnership
Strada Brady, LLC
Developer: Community Housing Partnership
Investor/Consultant: California Housing Partnership
Management Agent: Community Housing Partnership

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	1	
Total # of Units:	96	
No. / % of Low Income Units:	96	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Bond Information

Issuer:	City and County of San Francisco
Expected Date of Issuance:	September 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:	30	31%
60% AMI:	66	69%

Unit Mix

96	SRO/Studio Units
96	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
30	SRO/Studio	50%	9%	$242
66	SRO/Studio	60%	9%	$242

Project Cost Summary at Application

Land and Acquisition	$710,000
Construction Costs	$31,564,760
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$3,168,976
Soft Cost Contingency	$470,922
Relocation	$0
Architectural/Engineering	$3,646,711
Const. Interest, Perm. Financing	$3,184,373
Legal Fees	$120,000
Reserves	$395,140
Other Costs	$2,180,968
Developer Fee	$5,768,756
Commercial Costs	$0
Total	**$51,210,606**

Residential

Construction Cost Per Square Foot:	$654
Per Unit Cost:	$533,444
True Cash Per Unit Cost*:	$533,444

Construction Financing

Source	Amount
Silicon Valley Bank - T.E. Bonds	$29,520,000
Silicon Valley Bank	$4,603,845
Deferred Costs	$1,708,464
General Partner Equity	$13,373,596
Tax Credit Equity	$2,004,701

Permanent Financing

Source	Amount
HCD - MHP	$11,530,497
AHP	$1,250,000
General Partner Equity	$13,373,596
Tax Credit Equity	$25,056,513
TOTAL	**$51,210,606**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$48,500,282
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$63,050,367
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$2,042,832
Total State Credit:	$6,377,500
Approved Developer Fee (in Project Cost & Eligible Basis):	$5,768,756
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	$0.97681
State Tax Credit Factor:	$0.80000

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:	$48,500,282
Actual Eligible Basis:	$48,500,282
Unadjusted Threshold Basis Limit:	$42,297,888
Total Adjusted Threshold Basis Limit:	$59,640,022

Adjustments to Basis Limit

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: 31%

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 rent does not include a utility allowance. The owner will pay for all utilities.

The project has an operating subsidy (LOSP) from the City of San Francisco for 96 units.

In lieu of an on-site manager unit, the project is committed to employ an equivalent number of on-site full-time property management staff (at least one of whom is a property manager) and provide an equivalent number of desk or security staff capable of responding to emergencies for the hours when property management staff is not working. All staff or contractors performing desk or security work shall be knowledgeable of how the property’s fire system operates and be trained in, and have participated in, fire evacuation drills for tenants. CTCAC reserves the right to require that one or more on-site managers’ units be provided and occupied by property management staff if, in its sole discretion, it determines as part of any on-site inspection that the project has not been adequately operated and/or maintained.

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.