

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2020 Second Round**

**November 18, 2020**

Ocean Views, located at 1271 Capitol Avenue, 1607, 1615, 1619, 1623, 1625 and 1631 Ocean Avenue in San Francisco, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$11,053,970 in total state tax credits to finance the new construction of 120 units of housing serving seniors with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Global Premier Development, INC. and will be located in Senate District 11 and Assembly District 19.

**Project Number** CA-20-170

**Project Name** Ocean Views  
**Site Address:** 1271 Capitol Ave, 1607,1615,1619,1623, 1625 and 1631 Ocean Ave  
San Francisco, CA 94112 County: San Francisco  
**Census Tract:** 312.010

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,500,000	\$11,053,970
Recommended:	\$2,500,000	\$11,053,970

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

**Applicant Information**

**Applicant:** Ocean Views, LP  
**Contact:** Andrew Hanna  
**Address:** 2010 Main Street, Suite 1250  
Irvine, CA 92614  
**Phone:** (949) 777-6931  
**Email:** Andrew@GlobalPremierDevelopment.com

**General Partner(s) / Principal Owner(s):** Global Premier Development, INC.  
Living Hope Housing Foundation

**General Partner Type:** Joint Venture

**Parent Company(ies):** Global Premier Development, INC.  
Living Hope Housing Foundation

**Developer:** Global Premier Development, INC.

**Investor/Consultant:** Hunt Capital Partners, LLC

**Management Agent(s):** FPI Management  
Cirrus Asset Management, Inc.

**Project Information**

**Construction Type:** New Construction

**Total # Residential Buildings:** 1

**Total # of Units:** 258

**No. & % of Tax Credit Units:** 120 47%

**Federal Set-Aside Elected:** 40%/60% Average Income

**Federal Subsidy:** FHA Section 221(d)(4) insured loan

**Utility Allowance:** CUAC

**Information**

Set-Aside: N/A  
 Housing Type: Seniors  
 Geographic Area: San Francisco County  
 TCAC Project Analyst: Tiffani Negrete

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI:	12 10%
At or Below 40% AMI:	34 25%
At or Below 50% AMI:	40 30%
At or Below 60% AMI:	18 15%
At or Below 70% AMI:	8 5%
At or Below 80% AMI:	8 5%

**Unit Mix**

257 SRO/Studio Units
<u>1 2-Bedroom Units</u>
258 Total Units

<u>Unit Type &amp; Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>2020 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
12 SRO/Studio	30%	30%	\$913
34 SRO/Studio	40%	40%	\$1,218
40 SRO/Studio	50%	50%	\$1,522
18 SRO/Studio	60%	60%	\$1,827
8 SRO/Studio	70%	70%	\$2,131
8 SRO/Studio	80%	78%	\$2,369
2 SRO/Studio	Manager's Unit	Manager's Unit	\$0
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0
94 SRO/Studio	Market Rate Unit	Market Rate Unit	\$2,072
41 SRO/Studio	Market Rate Unit	Market Rate Unit	\$2,310

**Project Cost Summary at Application**

Land and Acquisition	\$8,850,000
Construction Costs	\$62,949,637
Rehabilitation Costs	\$0
Construction Contingency	\$3,147,482
Relocation	\$0
Architectural/Engineering	\$2,540,000
Const. Interest, Perm. Financing	\$3,329,638
Legal Fees	\$60,000
Reserves	\$1,209,328
Other Costs	\$4,716,848
Developer Fee	\$2,200,000
Commercial Costs	\$1,195,703
<b>Total</b>	<b>\$90,198,636</b>

**Residential**

Construction Cost Per Square Foot:	\$577
Per Unit Cost:	\$344,973
True Cash Per Unit Cost*:	\$344,973

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Prudential Huntoon Paige HUD 221(d)(4)	\$60,216,000	Prudential Huntoon Paige HUD 221(d)(4)	\$60,216,000
Tax Credit Equity	\$29,982,636	Tax Credit Equity	\$29,982,636
		<b>TOTAL</b>	<b>\$90,198,636</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$78,731,605
130% High Cost Adjustment:	No
Applicable Fraction:	47.06%
Qualified Basis:	\$37,050,167
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$11,053,970
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Hunt Capital Partners, LLC
Federal Tax Credit Factor:	\$0.85000
State Tax Credit Factor:	\$0.79000

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. 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:	\$78,731,605
Actual Eligible Basis:	\$78,731,605
Unadjusted Threshold Basis Limit:	\$100,917,377
Total Adjusted Threshold Basis Limit:	\$141,393,851

**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  
 Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels  
 Local Development Impact Fees  
 95% of Upper Floor Units are Elevator-Serviced

**Tie-Breaker Information**

First:	<b>Seniors</b>
Final:	<b>3.847%</b>

**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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.24%. 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 involves the new construction of 1 building consisting of 120 units restricted to seniors and 135 non-targeted market-rate units. TCAC has received a legal opinion that the project as proposed complies with federal Fair Housing Law.

**Resyndication and Resyndication Transfer Event:** None.

**Legal Status**

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**Local Reviewing Agency**

The Local Reviewing Agency, San Francisco Mayor's Office of Housing and Community Development, has completed a site review of this project and strongly opposes this project.

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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

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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ½ mile of medical clinic or hospital	3	3	0
Within 1 mile of medical clinic or hospital	2	0	2
Within ½ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>0</b>	<b>0</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
<b>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>5</b>	<b>5</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>113</b>	<b>98</b>	<b>98</b>

**Please Note:** If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**