CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 11, 2021

SFHA Scattered Sites, located at 363 Noe St., 1357-1371 Eddy St., 200 Randolph St., 409 Head St., 4101 Noriega St., and 2206-2268 Great Highway in San Francisco, requested and is being recommended for a reservation of $3,631,727 in annual federal tax credits to finance the acquisition and rehabilitation of 66 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Mission Housing Development Corporation 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-21-588	
Project Name	SFHA Scattered Sites	
Site Address:	<u>Site 1</u> 363 Noe St. San Francisco, CA 94114	<u>Site 2</u> 1357-1371 Eddy St. San Francisco, CA 94115
Census Tract:	203.00	161.00
	<u>Site 3</u> 200 Randolph St. & 409 Head St. San Francisco, CA 94132	<u>Site 4</u> 4101 Noriega St. San Francisco, CA 94122
Census Tract:	313.02	352.01
	<u>Site 5</u> 2206-2268 Great Highway San Francisco, CA 94116	
Census Tract:	354.00	
County:	San Francisco	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$3,631,727	$0
Recommended:	$3,631,727	$0

Applicant Information

Applicant:	Mission Housing Development Corporation
Contact:	John Lovell, Senior Project Developer
Address:	474 Valencia Street, #280 San Francisco, CA 94103
Phone:	415 864-6432
Email:	jlovell@missionhousing.org

General Partner(s) or Principal Owner(s):	Mission Housing Development Corporation
General Partner Type:	Nonprofit
Parent Company(ies):	Mission Housing Development Corporation
Developer:	Mission Housing Development Corporation
Bond Issuer:	San Francisco Mayor's Office
Investor/Consultant:	California Housing Partnership
Management Agent:	Caritas Management Corporation

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	8	
Total # of Units:	69	
No. / % of Low Income Units:	66	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (66 units - 100%)	

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
30% AMI:	9	14%
45% AMI:	5	8%
50% AMI:	50	76%
60% AMI:	2	3%

Unit Mix

19	SRO/Studio Units
2	1-Bedroom Units
17	2-Bedroom Units
27	3-Bedroom Units
4	4-Bedroom Units
69	Total Units

Unit Type & Number		2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2	SRO/Studio	30%	$959
17	SRO/Studio	50%	$1,598
1	1 Bedroom	30%	$1,027
1	2 Bedrooms	30%	$1,233
3	2 Bedrooms	45%	$1,850
7	2 Bedrooms	50%	$2,056
5	2 Bedrooms	50%	$2,056
1	3 Bedrooms	30%	$1,425
1	3 Bedrooms	30%	$1,425
1	3 Bedrooms	30%	$1,425
1	3 Bedrooms	30%	$1,425
2	3 Bedrooms	45%	$2,138
5	3 Bedrooms	50%	$2,375
5	3 Bedrooms	50%	$2,375
8	3 Bedrooms	50%	$2,375
2	3 Bedrooms	60%	$2,850
1	4 Bedrooms	30%	$1,590
2	4 Bedrooms	50%	$2,650
1	4 Bedrooms	50%	$2,650
1	1 Bedroom	Manager’s Unit	$0
1	2 Bedrooms	Manager’s Unit	$0
1	3 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$22,616,000
Construction Costs	$0
Rehabilitation Costs	$36,754,149
Construction Hard Cost Contingency	$4,042,956
Soft Cost Contingency	$677,486
Relocation	$2,997,346
Architectural/Engineering	$2,278,500
Const. Interest, Perm. Financing	$4,768,407
Legal Fees	$185,000
Reserves	$1,958,526
Other Costs	$975,107
Developer Fee	$4,302,280
Commercial Costs	$0
Total	**$81,555,757**

Residential

Construction Cost Per Square Foot:	$662
True Cash Per Unit Cost*:	$839,905

Construction Financing

Source	Amount
BPB[1] - T.E. Bonds	$40,776,000
BPB[1] - Taxable Loan	$6,446,577
MOHCD[2]	$2,500,000
Seller Carryback Loan	$22,000,000
Accrued Interest	$1,076,040
Deferred Costs	$3,683,006
Deferred Developer Fee	$1,602,280
Contributed Developer Fee	$500,000
Tax Credit Equity	$2,971,854

Permanent Financing

Source	Amount
BPB[1] - T.E. Bonds (Tranche A)	$3,460,000
BPB[1] - T.E. Bonds (Tranche B)	$18,139,000
MOHCD[2]	$2,500,000
Seller Carryback Loan	$22,000,000
Accrued Interest	$1,076,040
Deferred Developer Fee	$1,602,280
Contributed Developer Fee	$500,000
Tax Credit Equity	$32,278,437
TOTAL	**$81,555,757**

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

[1]Boston Private Bank - T.E. Bonds (Tranche A)

[2]Mayor's Office of Housing & Community Development

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$51,300,117
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$24,103,015
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$66,690,152
Qualified Basis (Acquisition):	$24,103,015
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$2,667,606
Maximum Annual Federal Credit, Acquisition:	$964,121
Total Maximum Annual Federal Credit:	$3,631,727
Approved Developer Fee (in Project Cost & Eligible Basis):	$4,302,280
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	$0.88879

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.

Significant Information / Additional Conditions

The project involves the rehabilitation of 5 scattered sites located within the city of San Francisco. The properties are currently subject to affordability restrictions by the San Francisco Housing Authority (SFHA). Site 1 is restricted to seniors and Sites 2-5 are for large families.

The proposed rents for Site 1, 3, and 4 do not include a utility allowance. The owner will pay for all utilities for these sites.

The project's estimated per unit cost is $839,905. The applicant noted that the 5 sites are severely deteriorated and in need of substantial rehabilitation. The per unit cost is attributed to repairs to the exterior envelopes, including replacement of the roofs and all windows, refurbishing interior units, modernization of mechanical, electrical, and plumbing systems to meet current building codes, seismic reinforcement, and providing mobility and adaptable units.

The applicant has requested and been granted a full waiver of the 10% mobility feature requirement under TCAC Regulation Section 10325(f)(7)(K) at Site 2 and 5 due to physical impracticality. In addition, the applicant has requested and been granted a partial waiver to reduce the 10% mobility feature requirement under TCAC Regulation Section 10325(f)(7)(K) down to 6% of units (1 unit) at Site 3 due to physical impracticality. The project shall provide 4% of the units (3 units) with communications features that meet the requirements of California Building Code Chapter 11(B).

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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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.