

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2022 First Round

June 15, 2022

Shirley Chisholm Village, located at 1360 43rd Avenue in San Francisco, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 34 units of housing serving large families with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by MidPen Housing Corporation and will be located in Senate District 11 and Assembly District 19.

Project Number CA-22-014

Project Name Shirley Chisholm Village
Site Address: 1360 43rd Avenue
San Francisco, CA 94122 County: San Francisco
Census Tract: 351.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

Applicant Information

Applicant: MP Francis Scott Key 2 Associates LP
Contact: Jan M. Lindenthal
Address: 303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Phone: 650-356-2900
Email: jlindenthal@midpen-housing.org

General Partner(s) / Principal Owner(s): MP Francis Scott Key 2 LLC
General Partner Type: Nonprofit
Parent Company(ies): MidPen Housing Corporation
Developer: MidPen Housing Corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent(s): MidPen Property Management Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 35
No. & % of Tax Credit Units: 34 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: N/A

Information

Set-Aside: Nonprofit (qualified nonprofit organization)
Housing Type: Large Family
Type of Special Needs:
Average Targeted Affordability of Special Needs/SRO Project Units: 41.76%
Geographic Area: San Francisco County
CTCAC Project Analyst: Dylan Hervey

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 8	20%
At or Below 40% AMI: 12	35%
At or Below 50% AMI: 14	40%

Unit Mix

6 SRO/Studio Units
6 1-Bedroom Units
14 2-Bedroom Units
9 3-BedroomUnits
35 Total Units

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 SRO/Studio	30%	\$932
2 1 Bedroom	30%	\$1,027
2 2 Bedrooms	30%	\$1,199
2 3 Bedrooms	30%	\$1,332
4 SRO/Studio	40%	\$1,166
4 1 Bedroom	40%	\$1,332
2 2 Bedrooms	40%	\$1,499
2 3 Bedrooms	40%	\$1,665
9 2 Bedrooms	50%	\$1,799
5 3 Bedrooms	50%	\$1,998
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,247,352
Construction Costs	\$20,116,081
Construction Contingency	\$1,403,376
Architectural/Engineering	\$739,827
Const. Interest, Perm. Financing	\$2,254,451
Legal Fees	\$135,185
Reserves	\$120,464
Other Costs	\$667,832
Developer Fee	\$2,200,000
Total	\$33,884,568

Residential

Construction Cost Per Square Foot:	\$529
Per Unit Cost:	\$968,131
True Cash Per Unit Cost*:	\$945,273

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Union Bank	\$22,427,003	Union Bank	\$1,444,000
MOHCD Gap Loan	\$1,717,483	MOHCD Gap Loan	\$1,717,483
Value of Below-Market Lease	\$5,729,630	Value of Below-Market Lease	\$5,729,630
Deferred Developer Fee	\$800,000	Deferred Developer Fee	\$800,000
Costs Deferred Until Conversion	\$839,815	Tax Credit Equity	\$24,193,455
Tax Credit Equity	\$2,370,637	TOTAL	\$33,884,568

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,367,521
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,777
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.96774

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.

Tie-Breaker Information

Initial:	Letter of Support
First:	Large Family
Final:	59.726%

Significant Information / Additional Conditions

The utility allowances for this project include a component for water. All projects that charge for the water service must be sub-metered and the tenants must be billed separately for their water usage by a 3rd party company. Sub-metering the water service and direct billing of the tenants by a 3rd party company must follow certain IRS rules in order to be in compliance. In conjunction with the IRS rules, prior to the issuance of the IRS 8609 forms, CCTCAC will need to confirm that the water service and tenant billing have been implemented correctly. In addition, the CCTCAC Compliance Section will require specific information regarding the master water bill and each tenant's water usage and water bill when they inspect the project.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC 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, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, 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 CTCAC 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 CTCAC 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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Highest or High Resources Area	8	8	8
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

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.