

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2022 Second Round

September 28, 2022

Yosemite Apartments, located at 480 Eddy Street in San Francisco, requested and is being recommended for a reservation of \$1,183,694 in annual federal tax credits to finance the rehabilitation of 31 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Tenderloin Neighborhood 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-22-056

Project Name Yosemite Apartments
Site Address: 480 Eddy Street
San Francisco, CA 94109 County: San Francisco
Census Tract: 124.010

| Tax Credit Amounts | Federal/Annual | State/Total |
|---------------------------|-----------------------|--------------------|
| Requested: | \$1,183,694 | \$0 |
| Recommended: | \$1,183,694 | \$0 |

Applicant Information

Applicant: Yosemite Apartment Associates, L.P.
Contact: Maurilio Leon
Address: 201 Eddy Street
San Francisco, CA 94102
Phone: 415-358-3933
Email: mleon@tndc.org

General Partner(s) / Principal Owner(s): Yosemite GP LLC
General Partner Type: Nonprofit
Parent Company(ies): Tenderloin Neighborhood Development Corporation
Developer: Tenderloin Neighborhood Development Corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent(s): Tenderloin Neighborhood Development Corporation

Project Information

Construction Type: Rehabilitation
Total # Residential Buildings: 1
Total # of Units: 32
No. & % of Tax Credit Units: 31 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project Based Vouchers (8 Units - 25%)

Information

Set-Aside: N/A
Housing Type: SRO
Geographic Area: San Francisco County
CTCAC Project Analyst: Nick White

55-Year Use / Affordability

| <u>Aggregate Targeting</u> | <u>Number of Units</u> | <u>Percent of Required Affordable Units</u> |
|----------------------------|------------------------|---------------------------------------------|
| At or Below 30% AMI: | 11 | 35% |
| At or Below 35% AMI: | 2 | 5% |
| At or Below 40% AMI: | 8 | 25% |
| At or Below 45% AMI: | 2 | 5% |
| At or Below 50% AMI: | 5 | 15% |
| At or Below 60% AMI: | 3 | 5% |

Unit Mix

| |
|--------------------------|
| 31 SRO/Studio Units |
| <u>1 1-Bedroom Units</u> |
| 32 Total Units |

| <u>Unit Type & Number</u> | <u>2022 Rents Targeted % of Area Median Income</u> | <u>Proposed Rent (including utilities)</u> |
|-------------------------------|----------------------------------------------------|--------------------------------------------|
| 8 SRO/Studio | 30% | \$246 |
| 1 SRO/Studio | 30% | \$734 |
| 1 SRO/Studio | 30% | \$978 |
| 1 1 Bedroom | 30% | \$879 |
| 2 SRO/Studio | 35% | \$864 |
| 8 SRO/Studio | 40% | \$861 |
| 2 SRO/Studio | 45% | \$935 |
| 2 SRO/Studio | 50% | \$941 |
| 2 SRO/Studio | 50% | \$1,347 |
| 1 SRO/Studio | 50% | \$1,631 |
| 1 SRO/Studio | 55% | \$978 |
| 2 SRO/Studio | 60% | \$983 |
| 1 SRO/Studio | Manager's Unit | \$0 |

Project Cost Summary at Application

| | |
|----------------------------------|---------------------|
| Land and Acquisition | \$6,412,339 |
| Construction Costs | \$0 |
| Rehabilitation Costs | \$15,104,069 |
| Construction Contingency | \$2,025,317 |
| Relocation | \$1,327,950 |
| Architectural/Engineering | \$1,238,412 |
| Const. Interest, Perm. Financing | \$1,381,337 |
| Legal Fees | \$234,536 |
| Reserves | \$253,105 |
| Other Costs | \$579,661 |
| Developer Fee | \$1,100,000 |
| Commercial Costs | \$52,913 |
| Total | \$29,709,639 |

Residential

| | |
|------------------------------------|-----------|
| Construction Cost Per Square Foot: | \$774 |
| Per Unit Cost: | \$926,705 |
| True Cash Per Unit Cost*: | \$788,387 |

Construction Financing

| Source | Amount |
|---------------------------------|--------------|
| Silicon Valley Bank | \$12,915,991 |
| **Assumed CCSF CDBG Loan | \$1,628,625 |
| ***Assumed CCSF CDBG-CHRP Loan | \$261,993 |
| CCSF MOHCD Loan | \$1,800,000 |
| Seller Carryback | \$4,434,382 |
| TNDC Sponsor Loan | \$6,208,974 |
| Withdrawal of Existing Reserves | \$72,647 |
| Tax Credit Equity | \$1,345,802 |

Permanent Financing

| Source | Amount |
|---------------------------------|---------------------|
| **CCSF CDBG Loan | \$1,628,625 |
| ***CCSF CDBG-CHRP Loan | \$261,993 |
| New CCSF MOHCD Loan | \$1,800,000 |
| Seller Carryback Loan | \$4,434,382 |
| Sponsor Loan | \$6,208,974 |
| Withdrawal of Existing Reserves | \$72,647 |
| Historic Tax Credit Equity | \$4,027,334 |
| Tax Credit Equity | \$11,275,684 |
| TOTAL | \$29,709,639 |

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

*City and County of San Francisco - CDBG

***City and County of San Francisco- Community Housing Rehabilitation Program

Determination of Credit Amount(s)

| | |
|--------------------------------------------|--------------------------------------------|
| Requested Eligible Basis (Rehabilitation): | \$10,117,043 |
| 130% High Cost Adjustment: | Yes |
| Applicable Fraction: | 100.00% |
| Qualified Basis (Rehabilitation): | \$13,152,156 |
| Applicable Rate: | 9.00% |
| Total Maximum Annual Federal Credit: | \$1,183,694 |
| Approved Developer Fee in Project Cost: | \$1,100,000 |
| Approved Developer Fee in Eligible Basis: | \$1,097,832 |
| Investor/Consultant: | California Housing Partnership Corporation |
| Federal Tax Credit Factor: | \$0.95258 |

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

| | |
|-------------|----------------|
| First: | SRO |
| Self-Score | 43.724% |
| CTCAC Final | 43.724% |

Significant Information / Additional Conditions

Development costs are roughly \$788,387 per unit. The factors affecting this cost includes costly structural upgrading and the San Francisco Bay Area Market.

This SRO project received and was granted a waiver to use 5% vacancy rate.

Staff noted the hard cost contingency, as reflected in the project’s Application Sources & Uses table, exceeds 10% of the project’s total hard construction costs.

Resyndication and Resyndication Transfer Event: None

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 supports 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.

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 minutes in rush hours | 6 | 6 | 6 |
| 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 weekly farmers' market operating at least 5 months/year | 2 | 2 | 2 |
| Within ½ mile of medical clinic or hospital | 3 | 3 | 3 |
| In-unit high speed internet service | 2 | 2 | 2 |
| 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 |
| Health & wellness services and programs, minimum 100 hrs per 100 bdrms | 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 |
| Historic Preservation | 1 | 1 | 1 |
| Revitalization Area Project | 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.