CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 30, 2022

The project, 98 Franklin, located at 98 Franklin Street in San Francisco, requested and is being recommended for a reservation of $2,019,892 in annual federal tax credits to finance the new construction of 72 units of housing serving tenants with rents affordable to households earning 30%-40% of area median income (AMI). The project will be developed by Oak Street Housing Associates, LLC and will be located in Senate District 11 and Assembly District 17.

Project Number CA-22-570

Project Name 98 Franklin

Site Address:	98 Franklin Street		
	San Francisco, CA 94102	County:	San Francisco
Census Tract:	0168.02		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,019,892	$0
Recommended:	$2,019,892	$0

Applicant Information

Applicant:	Oak Street Housing Associates, LLC
Contact:	Cascade Zak
Address:	44 Montgomery Street, Suite 1300 San Francisco, CA 94104
Phone:	(415) 342-4638
Email:	cascade.zak@related.com

General Partner(s) or Principal Owner(s):	Oak Street Housing Associates, LLC Tenderloin Neighborhood Development Corporation
General Partner Type:	Joint Venture
Parent Company(ies):	Related California Residential, LLC Tenderloin Neighborhood Development Corporation
Developer:	Oak Street Housing Associates, LLC
Bond Issuer:	CalHFA
Investor/Consultant:	Red Stone Equity Partners
Management Agent:	Related Management Company, LP

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	1	
Total # of Units:	72	
No. / % of Low Income Units:	72	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Information

Housing Type:	Non-Targeted
Geographic Area:	San Francisco County
CTCAC Project Analyst:	Sarah Gullikson

55-Year Use / Affordability

30% AMI:	8	11%
40% AMI:	64	89%

Unit Mix

20	SRO/Studio Units
31	1-Bedroom Units
14	2-Bedroom Units
7	3-Bedroom Units
72	Total Units

Unit Type & Number		2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
17	SRO/Studio	40%	$1,305
28	1 Bedroom	40%	$1,398
7	2 Bedrooms	40%	$1,678
6	3 Bedrooms	40%	$1,939
3	SRO/Studio	30%	$978
3	1 Bedroom	30%	$1,048
1	2 Bedrooms	30%	$1,258
1	3 Bedrooms	30%	$1,454
6	2 Bedrooms	40%	$1,678

Project Cost Summary at Application	
Land and Acquisition	$58,218
Construction Costs	$36,315,218
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$1,789,485
Soft Cost Contingency	$653,677
Relocation	$0
Architectural/Engineering	$2,308,647
Const. Interest, Perm. Financing	$6,292,552
Legal Fees	$246,088
Reserves	$243,000
Other Costs	$3,983,223
Developer Fee	$1,000,000
Commercial Costs	$0
Total	**$52,890,108**

Residential

Construction Cost Per Square Foot:	$657
Per Unit Cost:	$734,585
True Cash Per Unit Cost*:	$734,585

Construction Financing

Source	Amount
Citi Community Capital - Tax-Exempt	$26,794,425
Citi Community Capital - Recycled	$5,302,721
Deferred Developer Fee	$1,000,000
Tax Credit Equity	$19,792,962

Permanent Financing

Source	Amount
Citi Community Capital - Subordinat	$27,794,425
Citi Community Capital - Recycled	$5,302,721
Tax Credit Equity	$19,792,962
TOTAL	**$52,890,108**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$50,497,300
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	$50,497,300
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	$2,019,892
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,000,000
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	$0.97990

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

This 72-unit tax credit project consists of the air-space subdivided tax credit units located in a mixed income 36-story building/project. As subdivided, these 72 units form a 100% affordable project for purposes of tax credit program. The larger project includes a total of 360 residential units consisting of the 72 tax credit units (20% of the total units) under this reservation of tax credits, 270 market-rate units, 18 middle-income units, and a high school on the first five floors.

In lieu of 1 on-site manager unit, the project is committing to employ 5 on-site full-time property management staff (at least one of whom is a property manager) and provide 5 desk or security staff capable of responding to emergencies for the hours when property management staff is not working, to be shared among all 360 units in the building. 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. Off-site managers may not be included in the project's operating expenses.

The current legal description is part of a larger site and the project site's parcel (legal description and APN) have not yet been finalized. The legal description and APN, including air-space subdivisions, must be completed as part of the placed-in-service package.

The underlying land will be ground leased by the market-rate component, which will allocate the the air-space rights to the tax credit project for $0. This cost may not be increased in subsequent reviews.

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.

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 reservation 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.

CDLAC Additional Conditions
The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.