

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

November 30, 2022

Hunters Point Shipyard Block 56, located at 11 Innes Court in San Francisco, requested and is being recommended for a reservation of \$3,414,683 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 Mercy Housing California and will be located in Senate District 11 and Assembly District 17.

Project Number CA-22-590

Project Name Hunters Point Shipyard Block 56
Site Address: 11 Innes Court
San Francisco, CA 94124 County: San Francisco
Census Tract: 9806.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,414,683	\$0
Recommended:	\$3,414,683	\$0

Applicant Information

Applicant: Hunters Point Block 56, L.P.
Contact: Fiona Ruddy
Address: 1256 Market Street
San Francisco, CA 94102
Phone: 415.355.7160
Email: fiona.ruddy@mercyhousing.org

General Partner(s) or Principal Owner(s): Mercy HPSY Block 56 LLC
SFHDC HPSY Block 56 LLC
General Partner Type: Nonprofit
Parent Company(ies): Mercy Housing Calwest
San Francisco Housing Development Corporation
Developer: Mercy Housing California
Bond Issuer: City and County of San Francisco
Investor/Consultant: Community Economics
Management Agent: Mercy Housing Management Group

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 73
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:	Dylan Hervey

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	8	11%
40% AMI:	64	89%

Unit Mix

4 SRO/Studio Units
18 1-Bedroom Units
32 2-Bedroom Units
16 3-Bedroom Units
3 4-Bedroom Units
73 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
4 SRO/Studio	40%	\$1,212
17 1 Bedroom	40%	\$1,386
28 2 Bedrooms	40%	\$1,559
12 3 Bedrooms	40%	\$1,731
2 4 Bedrooms	40%	\$1,870
1 5 Bedrooms	40%	\$2,009
1 1 Bedroom	30%	\$1,048
3 2 Bedrooms	30%	\$1,258
4 3 Bedrooms	30%	\$1,454
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$65,000
Construction Costs	\$54,242,193
Construction Hard Cost Contingency	\$2,388,764
Soft Cost Contingency	\$703,953
Architectural/Engineering	\$2,259,075
Const. Interest, Perm. Financing	\$3,841,411
Legal Fees	\$165,000
Reserves	\$986,025
Other Costs	\$2,032,471
Developer Fee	\$2,200,000
Total	\$68,883,893

Residential

Construction Cost Per Square Foot:	\$707
Per Unit Cost:	\$943,615
True Cash Per Unit Cost*:	\$943,615

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Chase Bank	\$36,361,354	San Francisco - OCII ¹	\$35,253,013
San Francisco - OCII ¹	\$26,383,849	AHP	\$1,000,000
Accrued Interest on Soft Loans	\$747,762	Accrued Interest on Soft Loans	\$747,762
Costs Deferred Until Conversion	\$2,396,025	General Partner Capital	\$100
General Partner Capital	\$100	Tax Credit Equity	\$31,883,017
Tax Credit Equity	\$2,994,802	TOTAL	\$68,883,893

¹San Francisco Office of Community Infrastructure and Investment (OCII)

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$65,666,975
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$85,367,067
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,414,683
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.93370

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. None.

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.