

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
August 23, 2023**

Transbay Block 2 West, located at 200 Folsom West in San Francisco, requested and is being recommended for a reservation of \$6,235,472 in annual federal tax credits to finance the new construction of 150 units of housing serving seniors with rents affordable to households earning 20%-50% of area median income (AMI). The project will be developed by Chinatown Community Development Center, Inc. and will be 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-23-567

Project Name Transbay Block 2 West
Site Address: 200 Folsom West
San Francisco, CA 94105
County: San Francisco
Census Tract: 615.07

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$6,235,472	\$0
Recommended:	\$6,235,472	\$0

Applicant Information

Applicant: Transbay 2 Senior, L.P.
Contact: Kim Piechota
Address: 615 Grant Ave
San Francisco, CA 94105
Phone: (415) 929-0712
Email: kim.piechota@chinatowncdc.org

General Partner(s) or Principal Owner(s): CCDC Transbay 2 LLC
General Partner Type: Nonprofit
Parent Company(ies): Chinatown Community Development Center, Inc.
Developer: Chinatown Community Development Center, Inc.
Bond Issuer: City and County of San Francisco
Investor/Consultant: California Housing Partnership Corporation
Management Agent: Chinatown Community Development Center, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 151
No. / % of Low Income Units: 150 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax- Exempt / HUD Section 8 Project-based Vouchers (60 Units - 40%)

Information

Housing Type: Seniors
Geographic Area: San Francisco County
CTCAC Project Analyst: Chris Saenz

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	30	20%
40% AMI:	60	40%
50% AMI:	60	40%

Unit Mix

39 SRO/Studio Units
111 1-Bedroom Units
1 2-Bedroom Units
151 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
8 SRO/Studio	20%	\$391
22 1 Bedroom	20%	\$407
8 SRO/Studio	40%	\$364
22 1 Bedroom	40%	\$416
8 SRO/Studio	40%	\$606
22 1 Bedroom	40%	\$693
10 SRO/Studio	50%	\$728
14 1 Bedroom	50%	\$831
5 SRO/Studio	50%	\$1,213
31 1 Bedroom	50%	\$1,386
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,193,600
Construction Costs	\$87,757,610
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$10,711,388
Soft Cost Contingency	\$1,153,044
Relocation	\$0
Architectural/Engineering	\$4,444,197
Const. Interest, Perm. Financing	\$14,617,460
Legal Fees	\$110,000
Reserves	\$556,159
Other Costs	\$3,655,600
Developer Fee	\$2,700,000
Commercial Costs	\$0
Total	\$127,899,058

Residential

Construction Cost Per Square Foot:	\$1,039
Per Unit Cost:	\$847,014
True Cash Per Unit Cost*:	\$719,523

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Chase: Tax Exempt	\$65,180,000	City of SF	\$46,260,000
Chase: Taxable	\$3,982,251	City of SF: Secondary	\$18,751,065
City of SF	\$46,260,000	City of SF: Accrued Interest	\$1,481,706
City of SF: Accrued Interest	\$1,481,706	AHP	\$1,000,000
Deferred Cost	\$2,230,158	General Partner Equity	\$500,000
Tax Credit Equity	\$8,764,943	Tax Credit Equity	\$59,906,287
		TOTAL	\$127,899,058

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$119,912,923
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$155,886,800
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$6,235,472
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,700,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.96073

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

Staff noted a per unit development cost of \$847,014. The applicant noted that the high per unit cost is attributed to contracting requirements, prevailing wages, poor soil conditions, unforeseen freeway pile removal, soil off-haul, and stormwater treatment requirements. Other high costs attributed to the project are design and construction enhancements, blockwide logistics coordination, and high interest rates.

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.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).