

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
December 6, 2023**

The project, 2550 Irving, located at 2550 Irving Street in San Francisco, requested and is being recommended for a reservation of \$4,750,121 in annual federal tax credits to finance the new construction of 89 units of housing serving families with rents affordable to households earning 20%-60% of area median income (AMI). The project will be developed by Tenderloin Neighborhood Development Corporation and will be located in Senate District 11 and Assembly District 19.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Multifamily Housing Program (MHP) and Infill Infrastructure Grant (IIG) programs of HCD.

Project Number CA-23-624

Project Name 2550 Irving
Site Address: 2550 Irving Street
San Francisco, CA 94122
County: San Francisco
Census Tract: 326.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,750,121	\$0
Recommended:	\$4,750,121	\$0

Applicant Information

Applicant: 2550 Irving Associates, L.P.
Contact: Maurilio Leon
Address: 201 Eddy Street
San Francisco, CA 94102
Phone: (415) 358-3953
Email: mleon@TNDC.org

General Partner(s) or Principal Owner(s): 2550 Irving GP LLC
General Partner Type: Nonprofit
Parent Company(ies): Tenderloin Neighborhood Development Corporation
Developer: Tenderloin Neighborhood Development Corporation
Bond Issuer: Mayor's Office of Housing and Community Development
Investor/Consultant: WNC & Associates
Management Agent: Tenderloin Neighborhood Development Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 90
No. / % of Low Income Units: 89 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (15 Units - 17%)

Information

Housing Type: Large Family
 Geographic Area: San Francisco County
 CTCAC Project Analyst: Nick White

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	47	53%
40% AMI:	17	19%
50% AMI:	13	15%
60% AMI:	12	13%

Unit Mix

9 SRO/Studio Units
 34 1-Bedroom Units
 23 2-Bedroom Units
 24 3-Bedroom Units

 90 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
5 1 Bedroom	20%	\$347
8 2 Bedrooms	20%	\$375
7 3 Bedrooms	20%	\$404
3 SRO/Studio	25%	\$756
3 1 Bedroom	25%	\$865
3 2 Bedrooms	25%	\$973
3 3 Bedrooms	25%	\$1,081
2 SRO/Studio	30%	\$975
3 1 Bedroom	30%	\$1,045
1 2 Bedrooms	30%	\$1,254
1 3 Bedrooms	30%	\$1,441
8 1 Bedroom	30%	\$1,045
4 SRO/Studio	40%	\$1,261
5 1 Bedroom	40%	\$1,394
1 2 Bedrooms	40%	\$1,622
1 3 Bedrooms	40%	\$1,802
1 2 Bedrooms	40%	\$375
1 3 Bedrooms	40%	\$404
4 1 Bedroom	40%	\$1,394
2 1 Bedroom	50%	\$1,742
4 2 Bedrooms	50%	\$2,091
4 3 Bedrooms	50%	\$2,342
3 1 Bedroom	50%	\$1,742
5 2 Bedrooms	60%	\$2,432
7 3 Bedrooms	60%	\$2,702
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,190,308
Construction Costs	\$67,378,314
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,366,979
Soft Cost Contingency	\$1,125,408
Relocation	\$0
Architectural/Engineering	\$3,775,551
Const. Interest, Perm. Financing	\$16,051,659
Legal Fees	\$1,518,539
Reserves	\$539,207
Other Costs	\$5,581,789
Developer Fee	\$2,200,000
Commercial Costs	\$3,427,805
Total	\$106,155,559

Residential

Construction Cost Per Square Foot:	\$703
Per Unit Cost:	\$1,140,526
True Cash Per Unit Cost*:	\$1,140,526

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Chase: Tax-Exempt	\$51,846,000	Chase: Tax-Exempt	\$2,145,000
Chase: Taxable	\$23,182,716	HCD: MHP	\$29,363,536
HCD: IIG	\$6,999,486	HCD: IIG	\$6,999,486
SF MOHCD ¹	\$16,759,885	SF MOHCD ¹	\$16,759,885
Accrued Interest	\$572,609	SF MOHCD ¹	\$4,506,880
General Partner Equity	\$100	Accrued Interest	\$572,609
Tax Credit Equity	\$4,343,656	General Partner Equity	\$100
		Tax Credit Equity	\$45,808,063
		TOTAL	\$106,155,559

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

¹ San Francisco Mayor Office of Housing and Community Development

Determination of Credit Amount(s)

Requested Eligible Basis:	\$91,348,475
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$118,753,018
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,750,121
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$2,119,599
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	\$0.96436

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 \$1,140,526. The applicant noted that the per unit cost is attributed to the addition of a parking garage, construction requirements, and predevelopment costs.

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).