CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 6, 2023

Transbay Block 2 Family, located at 200 Folsom Street in San Francisco, requested and is being recommended for a reservation of $9,063,696 in annual federal tax credits to finance the new construction of 182 units of housing serving tenants with rents affordable to households earning 20%-60% 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.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract. The project financing includes state funding from the Affordable Housing and Sustainable Communities (AHSC) program of HCD.

Project Number CA-23-638

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

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$9,063,696	$0
Recommended:	$9,063,696	$0

Applicant Information

Applicant: Transbay 2 Family, L.P.
Contact: Ramie Dare
Address: 1256 Market St
San Francisco, CA 94102
Phone: (415) 355-7118
Email: rdare@mercyhousing.org

General Partner(s) or Principal Owner(s): Transbay 2 Familly, LLC
General Partner Type: Nonprofit
Parent Company(ies): Mercy Housing California
Developer: Mercy Housing California
Bond Issuer: City and County of San Francisco
Investor/Consultant: California Housing Partnership Corporation
Management Agent: Mercy Housing Management Group

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 184
No. / % of Low Income Units: 182 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt

Information

Housing Type:	Non-Targeted
Geographic Area:	San Francisco County
CTCAC Project Analyst:	Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	51	28%
50% AMI:	95	52%
60% AMI:	36	20%

Unit Mix

17	SRO/Studio Units
76	1-Bedroom Units
54	2-Bedroom Units
37	3-Bedroom Units
184	Total Units

Unit Type & Number		2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
6	1 Bedroom	20%	$453
18	2 Bedrooms	20%	$551
8	3 Bedrooms	20%	$646
2	1 Bedroom	30%	$453
4	2 Bedrooms	30%	$551
2	3 Bedrooms	30%	$646
2	SRO/Studio	30%	$975
5	1 Bedroom	30%	$1,045
2	2 Bedrooms	30%	$1,254
2	3 Bedrooms	30%	$1,449
15	SRO/Studio	50%	$1,524
39	1 Bedroom	50%	$1,742
16	2 Bedrooms	50%	$1,993
25	3 Bedrooms	50%	$2,209
23	1 Bedroom	60%	$2,091
13	2 Bedrooms	60%	$2,509
1	1 Bedroom	Manager's Unit	$0
1	2 Bedrooms	Manager's Unit	$0

Project Cost Summary at Application	
Construction Costs	$148,575,807
Construction Hard Cost Contingency	$7,065,209
Soft Cost Contingency	$1,060,960
Architectural/Engineering	$4,928,833
Const. Interest, Perm. Financing	$14,796,150
Legal Fees	$111,141
Reserves	$867,152
Other Costs	$2,742,624
Developer Fee	$3,040,000
Total	**$183,187,876**

Residential

Construction Cost Per Square Foot:	$794
Per Unit Cost:	$995,586
True Cash Per Unit Cost*:	$991,021

Construction Financing

Source	Amount
US Bank - Tax-Exempt	$95,866,019
US Bank - Taxable	$9,947,946
OCII[1]	$65,968,539
Deferred Costs	$2,392,938
Deferred Developer Fee	$840,000
Tax Credit Equity	$8,172,434

Permanent Financing

Source	Amount
US Bank	$1,840,000
OCII[1]	$65,968,539
HCD: AHSC	$28,000,000
Deferred Developer Fee	$840,000
Tax Credit Equity	$86,539,337
TOTAL	**$183,187,876**

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

[1]Office of Community Investment and Infrastructure

Determination of Credit Amount(s)

Requested Eligible Basis:	$174,301,852
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$226,592,408
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	$9,063,696
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,040,000
Investor/Consultant:	ia Housing Partnership Corporation
Federal Tax Credit Factor:	$0.95479

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 $991,021. The applicant noted that the per unit cost is attributed to inflation of materials across the market, local labor requirements including prevailing wage, fees and permits in the ordinary course of business in San Francisco. Furthermore, the building contains larger units and is a high-rise, which triggered additional structural, fire, and code requirements.

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).