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

All Hallows Apartments, located at 65 Navy Road in San Francisco, requested and is being recommended for a reservation of $5,705,935 in annual federal tax credits to finance the acquisition & rehabilitation of 156 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by AH Housing Preservation Developer, LLC and is located in Senate District 11 and Assembly District 17.

All Hallows Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, All Hallows Gardens Apartments (CA-2006-904). See Resyndication and Resyndication Transfer Event below for additional information. The project will be receiving rental assistance in the form of a HUD Section 8 Project-based Contract.

Project Number	CA-23-660

Project Name	All Hallows Apartments
Site Address:	65 Navy Road San Francisco, CA 94124
County:	San Francisco
Census Tract:	231.03

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$5,705,935	$0
Recommended:	$5,705,935	$0

Applicant Information

Applicant:	AH Housing Preservation, LP
Contact:	Wes Larmore
Address:	1430 5th Street, Suite 101 Santa Monica, CA 90401
Phone:	(310) 359-0050
Email:	wlarmore@related.com

General Partner(s) or Principal Owner(s):	San Francisco Housing Development Corporation AH Housing Preservation Admin GP, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	San Francisco Housing Development Corporation Related Affordable
Developer:	AH Housing Preservation Developer, LLC
Bond Issuer:	California Housing Finance Authority
Investor/Consultant:	Wells Fargo Community Lending & Investment
Management Agent:	Related Management Company

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	35
Total # of Units:	157
No. / % of Low Income Units:	156 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Contract (150 Units - 96%)

Information

Housing Type:	Large Family
Geographic Area:	San Francisco County
CTCAC Project Analyst:	Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	80	51%
60% AMI:	76	49%

Unit Mix

5	SRO/Studio Units
37	1-Bedroom Units
46	2-Bedroom Units
44	3-Bedroom Units
25	4-Bedroom Units
157	Total Units

Unit Type & Number		2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2	SRO/Studio	60%	$1,951
3	SRO/Studio	30%	$975
14	1 Bedroom	60%	$2,090
18	1 Bedroom	30%	$1,045
21	2 Bedrooms	60%	$2,508
25	2 Bedrooms	30%	$1,254
21	3 Bedrooms	60%	$2,898
23	3 Bedrooms	30%	$1,449
12	4 Bedrooms	60%	$3,233
11	4 Bedrooms	30%	$1,616
4	1 Bedroom	60%	$2,090
2	4 Bedrooms	60%	$3,233
1	1 Bedroom	Manager Unit	$0

Project Cost Summary at Application

Land and Acquisition	$100,750,000
Construction Costs	$0
Rehabilitation Costs	$18,179,817
Construction Hard Cost Contingency	$1,787,982
Soft Cost Contingency	$365,218
Relocation	$1,020,500
Architectural/Engineering	$442,500
Const. Interest, Perm. Financing	$9,032,077
Legal Fees	$295,000
Reserves	$1,861,491
Other Costs	$1,181,565
Developer Fee	$9,193,421
Commercial Costs	$0
Total	**$144,109,571**

Residential

Construction Cost Per Square Foot:	$108
Per Unit Cost:	$917,895
True Cash Per Unit Cost*:	$870,274

Construction Financing

Source	Amount
Wells Fargo: Tax-Exempt	$73,000,000
Well Fargo: Recycled Tax Exempt	$501,000
Net Operating Income	$7,213,000
General Partner Equity	$800
Deferred Costs	$1,704,491
Deferred Developer Fee	$9,127,205
Tax Credit Equity	$52,563,075

Permanent Financing

Source	Amount
Wells Fargo: Tax-Exempt	$73,000,000
Well Fargo: Recycled Tax Exempt	$501,000
Net Operating Income	$7,213,000
General Partner Equity	$800
Deferred Developer Fee	$7,476,606
Tax Credit Equity	$55,918,165
TOTAL	**$144,109,571**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$34,995,044
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$97,205,848
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$45,493,557
Qualified Basis (Acquisition):	$97,205,848
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$1,817,701
Maximum Annual Federal Credit, Acquisition:	$3,888,234
Total Maximum Annual Federal Credit:	$5,705,935
Approved Developer Fee (in Project Cost & Eligible Basis):	$9,193,421
Investor/Consultant:	Wells Fargo Community Lending & Investment
Federal Tax Credit Factor:	$0.98000

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

In addition to the units subsidized by the HUD Section 8 project based contract, the San Francisco Housing Authority has agreed to provide non-Section 8 project based vouchers for 6 units.

This project's per unit cost is currently estimated at $870,274. Factors affecting project cost include the increase in financing cost with rising interest rates, the project's hilltop location that requires additional site work, project plans that include significant accessibility upgrades to 14 units, and expenses related to temporarily relocating large family tenants.

The applicant requested and has been granted a partial waiver to reduce the 10% mobility feature requirement under CTCAC Regulation Section 10325(f)(7)(K) to 8% of the units (14 units) that are fully mobility accessible in accordance with California Building Code Chapter 11(B). The project must continue to provide at least 4% of the units with communications features that meet the requirements of Chapter 11(B).

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreement (CA-06-904). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed-in-service submission) that the acquisition date and the placed-in-service date both occurred after the existing federal 15-year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s).

Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-06-904) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on CTCAC staff’s review of the commitment in the application. The services documented in the placed-in-service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed-in-service submission.

The project is a re-syndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from setting aside a Short Term Work Capitalized Replacement Reserve that is otherwise required.

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).