

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 5, 2025**

The project, 2970 16th Street, located at 2970 16th Street in San Francisco on a 0.32 acre site, requested and is being recommended for a reservation of \$5,401,919 in annual federal tax credits and \$54,544,222 of tax-exempt bond cap to finance the new construction of 136 units of housing, consisting of 136 restricted rental units. The project will have 89 studio units, 47 one-bedroom units, serving special needs tenants with rents affordable to households earning 30%-50% of area median income (AMI). The construction is expected to begin in December 2025 and be completed in November 2027. The project will be developed by Mission Housing Development Corporation 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. The project financing includes state funding from the No Place Like Home (NPLH) program of HCD.

Project Number CA-25-634

Project Name 2970 16th Street
Site Address: 2970 16th Street
San Francisco, CA 94103
County: San Francisco
Census Tract: 201.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$5,401,919	\$0
Recommended:	\$5,401,919	\$0

Tax-Exempt Bond Allocation
Recommended: \$54,544,222

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: 1979 Mission Street PSH Associates, LP
Contact: Carlos Melgoza
Address: 474 Valencia Street
San Francisco, CA 94103
Phone: 415-864-6432
Email: cmelgoza@missionhousing.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: City and County of San Francisco
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: JP Morgan Chase Bank, N. A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
Denomination: Not Applicable

Development Team

General Partners / Principal Owners:	1979 Mission PSH Housing Associates, LLC MEDA 1979 PSH LLC
General Partner Type:	Nonprofit
Parent Companies:	Mission Housing Development Corporation Mission Economic Development Agency
Developer:	Mission Housing Development Corporation
Investor/Consultant:	California Housing Partnership
Management Agent:	The John Stewart Company

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	1	
Total # of Units:	136	
No. / % of Low Income Units:	136	100.00%
Average Targeted Affordability:	37.94%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (122 Units - 90%)	

Information

Housing Type:	Special Needs	
% of Special Need Units:	136 units	100%
Geographic Area:	Bay Area Region	
State Ceiling Pool:	New Construction	
Set Aside:	Homeless Set Aside	
Homeless Set Aside Units:	136	
CDLAC Project Analyst:	Christine Shephard	
CTCAC Project Analyst:	Michael Couzens	

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	82	60%
50% AMI:	54	40%

Unit Mix

89	SRO/Studio Units
47	1-Bedroom Units
136	Total Units

<u>Unit Type & Number</u>	<u>2025 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
9 SRO/Studio	30%	\$250
5 1 Bedroom	30%	\$250
44 SRO/Studio	30%	\$819
24 1 Bedroom	30%	\$935
36 SRO/Studio	50%	\$1,275
18 1 Bedroom	50%	\$1,559

Project Cost Summary at Application

Land and Acquisition	\$1,051,217
Construction Costs	\$76,284,950
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$6,970,229
Soft Cost Contingency	\$1,956,007
Relocation	\$0
Architectural/Engineering	\$2,065,000
Const. Interest, Perm. Financing	\$12,012,610
Legal Fees	\$155,000
Reserves	\$1,641,905
Other Costs	\$3,297,105
Developer Fee	\$6,000,000
Commercial Costs	\$0
Total	\$111,434,023

Residential

Construction Cost Per Square Foot:	\$1,077
Per Unit Cost:	\$819,368
Estimated Hard Per Unit Cost:	\$501,881
True Cash Per Unit Cost*:	\$819,368
Bond Allocation Per Unit:	\$401,060
Bond Allocation Per Restricted Rental Unit:	\$401,060

Construction Financing

Source	Amount
Chase: Tax-Exempt	\$54,544,222
MOHCD ² : NPLH	\$17,766,257
MOHCD ²	\$27,200,000
MOHCD ² : Accrued Interest	\$1,369,584
Deferred Costs	\$5,942,105
Tax Credit Equity	\$4,611,855

Permanent Financing

Source	Amount
CPC ¹ : Tax Exempt	\$6,719,000
MOHCD ² : NPLH	\$26,264,280
MOHCD ²	\$27,200,000
MOHCD ² : Accrued Interest	\$1,369,584
FHLB ³ : AHP	\$1,350,000
Tax Credit Equity	\$48,531,159
TOTAL	\$111,434,023

*Less Donated Land, Seller Carryback Loans, Waived Fees, and Deferred Developer Fee

¹CPC Mortgage Company LLC

²Mayor's Office of Housing and Community Development: City and County of San Francisco

³Federal Home Loan Bank: San Francisco

Determination of Credit Amount(s)

Requested Eligible Basis:	\$103,883,061
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$135,047,979
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$5,401,919
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,000,000
Federal Tax Credit Factor:	\$0.89841

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.

CTCAC Significant Information / Additional Conditions

Staff noted a per unit development cost of \$893,092. The applicant noted that the per unit cost is attributed to prevailing wages, as well as high land, and construction costs.

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

Per CTCAC Regulation Section 10325(f)(7)(J) the project has committed to employ an equivalent number of on-site full-time property management staff and provide an equivalent number of desk or security staff capable of responding to emergencies for the hours when property management staff is not working. All staff or contractors performing desk or security work shall be knowledgeable of how the property's fire system operates and be trained in, and have participated in, fire evacuation drills for tenants. CTCAC reserves the right to require that one or more on-site managers' units be provided and occupied by property management staff if, in its sole discretion, it determines as part of any on-site inspection that the project has not been adequately operated and/or maintained.

CDLAC Analyst Comments: None.

Resyndication and Resyndication Transfer Event: None

Standard Conditions

The applicant 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).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	9
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	119

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: 199.856%