

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2011 Second Round
September 28, 2011

Project Number CA-2011-175

Project Name 1000 Mississippi St
 Site Address: 1000 Mississippi Street
 San Francisco, CA 94107 County: San Francisco
 Census Tract: 227.030

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,422,883	\$0
Recommended:	\$1,422,883	\$0

Applicant Information

Applicant: S.F. Housing Investors, L.P.
 Contact: Andrew Hanna
 Address: 2010 Main St
 Irvine, CA 92614
 Phone: (949) 777-6931 Fax: (949) 222-0942
 Email: Andrew@globalpremierdevelopment.com

General partner(s) or principal owner(s): Global Premier Development Inc.
 The Pate Foundation
 General Partner Type: Joint Venture
 Developer: Global Premier Development Inc.
 Investor/Consultant: Boston Capital
 Management Agent: Buckingham Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 5
 Total # of Units: 28
 No. & % of Tax Credit Units: 27 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: N/A
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	3	10 %
40% AMI:	3	10 %
45% AMI:	3	10 %
50% AMI:	10	35 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: San Francisco County
 TCAC Project Analyst: Gina Ferguson

Unit Mix

1 2-Bedroom Units
 23 3-Bedroom Units
 4 4-Bedroom Units

 28 Total Units

Unit Type & Number	2011 Rents Targeted % of Area Median Income	2011 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
2 3 Bedrooms	30%	30%	\$833
3 3 Bedrooms	40%	40%	\$1,111
3 3 Bedrooms	45%	45%	\$1,249
10 3 Bedrooms	50%	50%	\$1,388
5 3 Bedrooms	60%	60%	\$1,666
1 4 Bedrooms	30%	30%	\$929
3 4 Bedrooms	60%	60%	\$1,858
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$15,727,160

Residential

Construction Cost Per Square Foot: \$191
 Per Unit Cost: \$561,684

Construction Financing

Permanent Financing

Source	Amount	Source	Amount
Boston Capital Construction Loan	\$11,540,312	Boston Capital Permanent Loan	\$2,172,050
Deferred Developer Fees	\$807,500	Deferred Developer Fees	\$37,718
Tax Credit Equity	\$3,379,348	Tax Credit Equity	\$13,517,392
		TOTAL	\$15,727,160

Determination of Credit Amount(s)

Requested Eligible Basis: \$12,161,396
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$15,809,815
 Applicable Rate: 9.00%
 Total Maximum Annual Federal Credit: \$1,422,883
 Approved Developer Fee in Project Cost: \$1,614,000
 Approved Developer Fee in Eligible Basis: \$1,400,000
 Investor/Consultant: Boston Capital
 Federal Tax Credit Factor: \$0.95000

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$12,161,396
Actual Eligible Basis:	\$12,161,396
Unadjusted Threshold Basis Limit:	\$10,669,708
Total Adjusted Threshold Basis Limit:	\$13,082,034

Adjustments to Basis Limit:

Parking Beneath Residential Units

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Irrigated with reclaimed water, greywater, or rainwater (excluding community gardens)
- Install bamboo, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms where no VOC adhesives or backing is used
- Project meets all requirements of US EPA Indoor Air Plus Program.

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Large Family
Second:	7.558%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses meet the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information:

The project cost of \$561,684 is higher than typical for projects reviewed by TCAC staff.

This project does not include any state or local public funding sources. The local agency, the City and County of San Francisco Mayor's Office of Housing, has communicated to TCAC that it opposes the funding of this project. The Mayor's Office of Housing states that the proposed project does not address local policy goals and does not meet certain criteria used by the agency for affordable housing in San

Staff noted that the preliminary architectural drawings failed to clearly identify the outdoor play/recreational facilities suitable and available to all tenants, for children of all ages. The drawings also did not include details on the laundry facilities. Adequate laundry and recreational facilities must be available on project premises, with no fewer than one washer/dryer per 10 units upon completion of the project prior to the issuance of federal and state tax forms.

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

The Local Reviewing Agency, San Francisco Mayor's Office of Housing, has completed a site review of this project and opposes this project.

Recommendation: Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual	State Tax Credits/Total
\$1,422,883	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 180-Day Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC 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 TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC 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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC 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 TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	7
Cost Efficiency	20	20	7
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of public park or community center open to general public	3	3	0
Within ½ mile of public library	2	2	2
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Large Family proj. w/i ¼ mile of public school project children may attend	3	3	0
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: LEED	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 20%	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	135

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL REAPPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.