CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 18, 2016

Mission Dolores, located at 1855 15th Street in San Francisco, requested and is being recommended for a reservation of $2,001,155 in annual federal tax credits to finance the acquisition and rehabilitation of 88 units of housing serving tenants with rents affordable to households earning 50% of area median income (AMI). The project will be developed by BRIDGE Housing Corporation and Mission Economic Development Agency and is 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 and HUD RAD Project-based Vouchers.

Project Number CA-16-836

Project Name Mission Dolores
Site Address: 1855 15th Street
San Francisco, CA 94103 County: San Francisco
Census Tract: 202.000

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,001,155	$0
Recommended:	$2,001,155	$0

Applicant Information

Applicant: Mission Dolores Housing Associates, L.P.
Contact: Ann Silverberg
Address: 600 California Street, Suite 900
San Francisco, CA 94108
Phone: 415-989-1111 Fax: 415-495-4898
Email: asilverberg@bridgehousing.com

General Partner(s) or Principal Owner(s): Mission Dolores GP LLC
General Partner Type: Nonprofit
Parent Company(ies): BRIDGE Housing Corporation and Mission Economic Development Agency
Developer: BRIDGE Housing Corporation
Co-Developer Mission Exonomic Development Agency
Investor/Consultant: Bank of America
Management Agent: BRIDGE Property Management Company

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	1
Total # of Units:	91
No. & % of Tax Credit Units:	88 97.78%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Contract (46 units - 51%) / HUD RAD Project-based Vouchers (44 units - 48%)
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes

Number of Units @ or below 50% of area median income: 88

Bond Information

Issuer:	City of San Francisco
Expected Date of Issuance:	August 1, 2016
Credit Enhancement:	N/A

Information

Housing Type:	Non-Targeted
Geographic Area:	San Francisco County
TCAC Project Analyst:	Connie Harina

Unit Mix

68 SRO/Studio Units
23 1-Bedroom Units
91 Total Units

Unit Type & Number		2015 Rents Targeted % of Area Median Income	2015 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
44	SRO/Studio	50%	43%	$892
20	1 Bedroom	50%	46%	$1,019
24	SRO/Studio	50%	43%	$892
1	1 Bedroom	Manager’s Unit	Manager’s Unit	$0
2	1 Bedroom	Market Rate Unit	Market Rate Unit	$1,019

Project Cost Summary at Application

Land and Acquisition	$21,396,975
Construction Costs	$0
Rehabilitation Costs	$18,291,999
Construction Contingency	$3,178,493
Relocation	$1,182,032
Architectural/Engineering	$1,260,500
Const. Interest, Perm. Financing	$5,224,172
Legal Fees, Appraisals	$93,000
Reserves	$1,362,856
Other Costs	$1,650,122
Developer Fee	$5,250,212
Commercial Costs	$0
Total	**$58,890,361**

Project Financing

Estimated Total Project Cost:	$58,890,361
Estimated Residential Project Cost:	$58,890,361
Estimated Commercial Project Cost:	$0

Residential

Construction Cost Per Square Foot:	$414
Per Unit Cost:	$647,147
Effective Per Unit Cost:	$398,914

Construction Financing

Source	Amount
Bank of America	$32,368,000
SFHA Seller Carryback	$19,839,000
Accrued Interest on Soft Loans	$1,429,400
Costs Deferred Until Permanent	$1,401,167
Deferred Developer Fee	$2,750,212
Tax Credit Equity	$1,102,582

Permanent Financing

Source	Amount
Bank of America	$8,651,000
SFHA Seller Carryback	$19,839,000
SFHA Permanent Loan	$1,000,000
SF MOHCD Loan	$427,105
Accrued Interest on Soft Loans	$1,429,400
General Partner Equity	$500,000
Deferred Developer Fee	$2,750,212
Tax Credit Equity	$24,293,644
TOTAL	**$58,890,361**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$31,464,332
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$22,389,128
Applicable Fraction:	97.28%
Qualified Basis (Rehabilitation):	$39,792,857
Qualified Basis (Acquisition):	$21,781,131
Applicable Rate:	3.25%
Maximum Annual Federal Credit, Rehabilitation:	$1,293,268
Maximum Annual Federal Credit, Acquisition:	$707,887
Total Maximum Annual Federal Credit:	$2,001,155
Approved Developer Fee (in Project Cost & Eligible Basis):	$5,250,212
Investor/Consultant:	Bank of America
Federal Tax Credit Factor:	$1.21398

Per Regulation Section 10322(h)(9)(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:	$53,853,460
Actual Eligible Basis:	$53,853,460
Unadjusted Threshold Basis Limit:	$30,065,098
Total Adjusted Threshold Basis Limit:	$59,228,243

Adjustments to Basis Limit

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 97%

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 exceed 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 3.25% of the qualified basis. 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 proposed rent does not include a utility allowance. The owner will pay for all utilities.

Local Reviewing Agency

The Local Reviewing Agency, the San Francisco Mayor's Office of Housing and Community Development, has completed a site review of this project and strongly supports 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
$2,001,155	**$0**

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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

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 reservation 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.

Additional Conditions: None.