CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
September 1, 2026

Treasure Island E1.2 Senior, located at Phillips Lane & Trade Winds Avenue in San Francisco on a 0.65 acre site, requested and is being recommended for a reservation of $4,225,513 in annual federal tax credits and $24,381,747 of tax-exempt bond cap to finance the new construction of 100 units of housing, consisting of 93 restricted rental units, 6 market-rate units, and 1 unrestricted manager's unit. The project will have 95 one-bedroom units, and 5 two-bedroom units, serving seniors with rents affordable to households earning 30%-50% of area median income (AMI). The construction is expected to begin in December 2026 and be completed in October 2028. 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 Project Rental Assistance Contract (PRAC).

Project Number CA-26-637

Project Name Treasure Island E1.2 Senior

Site Address:	Phillips Lane & Trade Winds Avenue San Francisco, CA 94130
County:	San Francisco
Census Tract:	179.03

Tax Credit Amounts

	Federal/Annual	State/Total
Requested:	$4,225,513	$0
Recommended:	$4,225,513	$0

Tax-Exempt Bond Allocation

Recommended:	$24,381,747

CTCAC Applicant Information

CTCAC Applicant/CDLAC Sponsor:	Mercy Housing California 111, L.P.
Contact:	Evelyn Perdomo
Address:	1256 Market Street San Francisco, CA 94103
Phone:	(415) 355-7111
Email:	evelyn.perdomo@mercyhousing.org

Bond Financing Information

CDLAC Applicant/Bond Issuer:	San Francisco Mayor's Office of Housing and Community Development
Bond Counsel:	Jones Hall, A Professional Law Corporation
Private Placement Purchaser:	JP Morgan Chase Bank, N. A.

Development Team

General Partner / Principal Owner:	Mercy Housing California 111 LLC
General Partner Type:	Nonprofit
Parent Company:	Mercy Housing Calwest
Developer:	Mercy Housing California
Investor/Consultant:	Community Economics, Inc.
Management Agent:	Mercy Housing Management Group

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	1	
Total # of Units:	100	
No. / % of Low Income Units:	93	93.94%
Average Targeted Affordability:	42.90%	
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / HUD PRAC Project-based Contract (60 Units - 60%)	

Information

Housing Type:	Seniors
Geographic Area:	Bay Area Region
State Ceiling Pool:	New Construction
Set Aside:	Homeless Set Aside
Homeless Set Aside Units:	33
Project Analyst:	Amit Sarang

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	33	35%
50% AMI:	60	65%

Unit Mix

95	1-Bedroom Units
5	2-Bedroom Units
100	Total Units

Unit Type & Number		2025 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
31	1 Bedroom	30%	$405
60	1 Bedroom	50%	$907
2	2 Bedrooms	30%	$435
1	2 Bedrooms	Manager’s Unit	$0
4	1 Bedroom	Market Rate Unit	$1,223
2	2 Bedrooms	Market Rate Unit	$1,548

Project Cost Summary at Application

Land and Acquisition	$0
Construction Costs	$60,973,865
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$4,258,021
Soft Cost Contingency	$1,159,855
Relocation	$0
Architectural/Engineering	$2,123,708
Const. Interest, Perm. Financing	$7,763,648
Legal Fees	$285,000
Reserves	$1,445,920
Other Costs	$2,764,943
Developer Fee	$11,357,957
Commercial Costs	$0
Total	**$92,132,917**

Residential

Construction Cost Per Square Foot:	$819
Per Unit Cost:	$921,329
Estimated Hard Per Unit Cost:	$536,536
True Cash Per Unit Cost*:	$921,329
Bond Allocation Per Unit:	$243,817
Bond Allocation Per Restricted Rental Unit:	$262,169

Construction Financing

Source	Amount
JPMorgan Chase Bank: Tax-Exempt	$24,381,747
JPMorgan Chase Bank: Taxable	$9,538,027
MOHCD¹	$41,222,000
Deferred Costs	$11,488,001
Accrued Interest	$2,061,100
General Partner Equity	$100
Tax Credit Equity	$3,441,942

Permanent Financing

Source	Amount
MOHCD¹	$42,222,000
HUD: PRAC	$6,178,158
Accrued Interest	$2,061,100
General Partner Equity	$5,524,244
Tax Credit Equity	$36,147,415
TOTAL	**$92,132,917**

*Less Donated Land, Seller Carryback Loans, Waived Fees, and Deferred Developer Fee
¹ San Francisco Mayor’s Office of Housing and Community Development

Determination of Credit Amount(s)

Requested Eligible Basis:	$87,077,667
130% High Cost Adjustment:	Yes
Applicable Fraction:	93.32%
Qualified Basis:	$106,340,302
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	$4,225,513
Approved Developer Fee (in Project Cost & Eligible Basis):	$11,357,957
Federal Tax Credit Factor:	$0.85546

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
The project will restrict 33 Low-Income Units (33% of the Low-Income Units) to serve Special Needs Population(s), as defined in CTCAC Regulations Section 10302(kkk).

The project has rental subsidies covering 100% of the Tax Credit Units. 60 of the 93 Tax Credit units will receive rental assistance in the form of HUD PRAC vouchers, and the remaining 33 Tax Credit units will receive operating subsidies from Local Operating Subsidy Program (LOSP) of the City and County of San Francisco.

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 25% 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 and the terms of the bond and tax credit award as presented in the application and summarized in this staff report. CTCAC will verify the project complied with all terms of the award at placed-in-service review.

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).

CA-26-637 / Treasure Island E1.2 Senior

Points System	Max. Possible Points		Points Requested	Points Awarded
	New Const.	Rehab.		
Acquisition/Rehabilitation Project Priorities	**0**	**20**	**0**	**0**
New Construction Density and Local Incentives	**10**	**0**	**10**	**10**
Project density is at least 100 bedrooms/net acre	10	0	10	10
Exceeding Minimum Income Restrictions	**20**	**20**	**20**	**20**
Tax Credit Units: 10% @ <=30% AMI & 10% @ <=50% AMI	20	20	20	20
Exceeding Minimum Rent Restrictions	**10**	**10**	**10**	**10**
Average targeted affordability is 74% below market comparables	10	10	10	10
General Partner & Management Company	**10**	**10**	**10**	**10**
General Partner Experience	7	7	7	7
Management Company Experience	3	3	3	3
Housing Needs	**10**	**0**	**10**	**10**
Readiness to Proceed	**10**	**10**	**10**	**10**
Access to Opportunity	**10**	**0**	**9**	**9**
10% @ 30% AMI, 10% @ 50% AMI	9	0	9	9
Service Amenities	**10**	**10**	**10**	**10**
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES; NON-TARGETED				
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5	5
Cost Containment	**12**	**12**	**12**	**12**
Project eligible basis is 51% less than the CDLAC adjusted TBL; 1 pt per %	12	12	12	12
Site Amenities	**10**	**10**	**10**	**10**
Within ⅓ mile of transit, service every 30 min, 25 units/acre density	7	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3	3
Within ½ mile of public library	3	3	3	3
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3	3
In-unit high speed internet service	2	2	2	0
Total Points	**112**	**102**	**111**	**111**

Tie Breaker: 255.562%