

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2026 Second Round

October 6, 2026

Derek Silva Community, located at 20 Franklin Street in San Francisco, requested and is being recommended for a reservation of \$2,800,000 in annual federal tax credits and \$14,026,724 in total state tax credits to finance the rehabilitation of 69 units of housing serving special needs tenants with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Mercy Housing California and is located in Senate District 11 and Assembly District 17.

Derek Silva Community is a resyndication of an existing Low Income Housing Tax Credit (LIHTC) project, Derek Silva Community (CA-2002-871). See Resyndication and Resyndication Transfer Event below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract. The project financing includes state funding from the Multifamily Housing Program (MHP) program of HCD.

Project Number CA-26-092

Project Name Derek Silva Community
Site Address: 20 Franklin Street
San Francisco, CA 94102
County: San Francisco
Census Tract: 0168.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,800,000	\$14,026,724
Recommended:	\$2,800,000	\$14,026,724

Applicant Information

Applicant: Mercy Housing California
Contact: Ramie Dare
Address: 1256 Market Street
San Francisco, CA 94102
Phone: (415) 355-7118
Email: rdare@mercyhousing.org

General Partner / Principal Owner:	Mercy Housing California 85, LLC
General Partner Type:	Nonprofit
Parent Company:	Mercy Housing Calwest
Developer:	Mercy Housing California
Investor/Consultant:	California Housing Partnership
Management Agents:	Mercy Housing Management Group

Project Information

Construction Type:	Rehabilitation-Only
Total # Residential Buildings:	1
Total # of Units:	70
No. & % of Tax Credit Units:	69 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	HUD Section 8 Project-based Contract (66 Units - 94%)

Information

Set-Aside: N/A
Housing Type: Special Needs
Type of Special Needs: People with AIDS/HIV
Average Targeted Affordability of Special Needs Project Units: 39.90%
% of Special Need Units: 69 units 100.00%
Geographic Area: San Francisco County
CTCAC Project Analyst: Sabrina Yang

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percent of Required Affordable Units
At or Below 30% AMI:	8	10%
At or Below 40% AMI:	54	35%
At or Below 50% AMI:	7	10%

Unit Mix

38	SRO/Studio Units
27	1-Bedroom Units
5	2-Bedroom Units
70	Total Units

Unit Type & Number	2026 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
1 SRO/Studio	30%	\$1,103
3 SRO/Studio	30%	\$1,103
3 1 Bedroom	30%	\$1,182
1 2 Bedrooms	30%	\$1,418
33 SRO/Studio	40%	\$1,471
19 1 Bedroom	40%	\$1,576
2 2 Bedrooms	40%	\$1,891
5 1 Bedroom	50%	\$1,970
2 2 Bedrooms	50%	\$2,363
1 SRO/Studio	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$19,730,000
Construction Costs	\$0
Rehabilitation Costs	\$41,668,456
Construction Contingency	\$6,998,458
Relocation	\$3,634,518
Architectural/Engineering	\$2,651,796
Const. Interest, Perm. Financing	\$7,259,193
Legal Fees	\$165,898
Reserves	\$1,431,734
Other Costs	\$1,101,450
Developer Fee	\$2,800,000
Commercial Costs	\$2,995,863
Total	\$90,437,366

Residential

Construction Cost Per Square Foot:	\$1,100
Per Unit Cost:	\$1,247,902
True Cash Per Unit Cost*:	\$1,068,403

Construction Financing	
Source	Amount
Chase	\$50,001,100
Seller Carryback	\$13,008,603
HCD: MHP	\$4,152,152
MOHCD ¹	\$8,200,000
SFRA ²	\$5,319,245
Exsiting Reserves	\$1,492,597
Deferred Costs	\$3,807,786
Tax Credit Equity	\$4,455,883

Permanent Financing	
Source	Amount
Seller Carryback	\$13,008,603
HCD: MHP	\$4,152,152
MOHCD ¹	\$8,200,000
MOHCD ¹ : PASS ³ Market Rate	\$5,907,300
MOHCD ¹ : PASS ³ BMR ⁴	\$3,259,200
MOHCD ¹ : PASS ³	\$533,500
SFRA ²	\$5,319,245
Sponsor Loan	\$3,000,000
Existing Reserves	\$1,492,597
Historic Tax Credit Equity	\$10,679,148
Tax Credit Equity	\$34,885,621
TOTAL	\$90,437,366

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

¹Mayor's Office of Housing and Community Development

²San Francisco Housing Regency

³Preservation and Seismic Safety Program

⁴Below Market Rate

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$46,755,755
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$46,755,755
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,800,000
Total State Credit:	\$14,026,724
Approved Developer Fee in Project Cost:	\$2,800,000
Approved Developer Fee in Eligible Basis:	\$2,711,654
Federal Tax Credit Factor:	\$0.83016
State Tax Credit Factor:	\$0.82992

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, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

Initial:	Letter of Support
First:	Special Needs
Self-Score Final:	48.285%
CTCAC Final:	48.285%

Significant Information / Additional Conditions

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

This project has received a waiver allowing the project to include 1 one-bedroom unit at 428 square footage instead of the standard one-bedroom unit at 450 square footage requirement and 1 two-bedroom unit at 558 square footage instead of the standard two-bedroom unit at 700 square footage requirement under CTCAC Regulation Section 10325(g)(3)(G).

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-2002-871). 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

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-2002-871) 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.

Local Reviewing Agency

The Local Reviewing Agency, City and County of San Francisco, has completed a site review of this project and strongly supports this project.

Standard Conditions

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

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 performance deposit and allocation 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.

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 fifteen years and at no cost to the tenants. 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) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	0
Within 1 mile of a weekly farmers' market operating at least 5 months/year	1	0	1
Special Needs project within 1/2 mile of facility serving tenant population	3	3	0
Within 1/2 mile of medical clinic or hospital	3	3	0
Within 1/2 mile of a pharmacy	2	2	2
Service Amenities	10	10	10
SPECIAL NEEDS, SRO HOUSING TYPES			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Health/behavioral services provided by licensed org. or individual	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	0	0
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Historic Preservation	1	1	1
Total Points	109	99	99

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 RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.