

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 First Round

May 15, 2024

The project, 3300 Mission Street, located at 3300-3308 Mission Street in San Francisco, requested \$2,499,477 in annual federal tax credits but is being recommended for \$2,485,049 in annual federal tax credits to finance the new construction of 34 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Dreamkeeper Venture LLC and will be located in Senate District 11 and Assembly District 17.

Project Number CA-24-003

Project Name 3300 Mission Street
Site Address: 3300-3308 Mission Street
San Francisco, CA 94110
County: San Francisco
Census Tract: 253.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,499,477	\$0
Recommended:	\$2,485,049	\$0

Applicant Information

Applicant: 3300 Mission Partners L.P.
Contact: Gina Dacus
Address: 515 Cortland Avenue
San Francisco, CA 94110
Phone: 415-206-2140
Email: gdacus@bhnc.org || info@bhnc.org

General Partner(s) / Principal Owner(s): Tabernal Alliance LLC
Tabernal Alliance LLC
AJJLA Housing 2 LLC
General Partner Type: Joint Venture
Parent Company(ies): Bernal Heights Housing Corporation
Tabernacle Community Development Corporaiton
Mitchelville Real Estate Group
Developer: Dreamkeeper Venture LLC
Investor/Consultant: US Bancorp
Management Agent(s): Caritas Management Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 35
No. & % of Tax Credit Units: 34 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: None.

Information

Set-Aside: N/A
Housing Type: SRO
Geographic Area: San Francisco County
CTCAC Project Analyst: Jacob Paixao

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AMI:	11	30%
At or Below 50% AMI:	10	25%
At or Below 60% AMI:	13	35%

Unit Mix

35 SRO/Studio Units
35 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
13 SRO/Studio	60%	\$1,650
10 SRO/Studio	50%	\$1,513
11 SRO/Studio	30%	\$756
1 SRO/Studio	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,035,304
Construction Costs	\$19,457,854
Rehabilitation Costs	\$0
Construction Contingency	\$1,758,553
Relocation	\$0
Architectural/Engineering	\$2,181,307
Const. Interest, Perm. Financing	\$3,065,110
Legal Fees	\$796,950
Reserves	\$98,976
Other Costs	\$3,492,870
Developer Fee	\$2,500,000
Commercial Costs	\$1,230,953
Total	\$38,617,878

Residential

Construction Cost Per Square Foot:	\$903
Per Unit Cost:	\$1,064,626
True Cash Per Unit Cost*:	\$1,064,626

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank	\$19,492,796	SF MOHCD ¹	\$15,817,553
San Francisco MOHCD ¹	\$15,810,177	Tax Credit Equity	\$22,800,325
Tax Credit Equity	\$3,439,905	TOTAL	\$38,617,878

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

¹Mayor's Office of Housing and Community Development

Determination of Credit Amount(s)

Requested Eligible Basis:	\$29,296,986
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$29,296,986
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,485,049
Approved Developer Fee in Project Cost:	\$2,500,000
Approved Developer Fee in Eligible Basis:	\$2,375,000
Investor/Consultant:	US Bancorp
Federal Tax Credit Factor:	\$0.91750

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:	SRO
Self-Score Final:	51.638%
CTCAC Final:	51.638%

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$1,068,198. The applicant noted that the per unit cost is attributed to unique building constraints due to site size, resulting in higher construction cost. Additionally, the applicant noted that the project is subject to prevailing wages and is being built in the City of San Francisco, citing construction costs in this area are amongst the highest in California.

The applicant's estimate of the contractor's profit, overhead and general requirement costs exceed the limits established by regulation. At final review prior to the issuance of the IRS 8609 tax forms, any costs and basis in excess of the limit will not be allowed.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City & 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)(2) 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	0
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 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1/2 mile of a pharmacy	2	2	2
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
SPECIAL NEEDS, SRO HOUSING TYPES			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	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	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	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 REAPPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.