

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 6, 2024**

Casa Adelante 1515 South Van Ness, located at 1515 South Van Ness Avenue in San Francisco on a 0.82 acre site, requested and is being recommended for a reservation of \$7,697,150 in annual federal tax credits and \$82,142,319 of tax-exempt bond cap to finance the new construction of 168 units of housing, consisting of 167 restricted rental units, and 1 unrestricted manager's unit. The project will have 15 studio units, 32 one-bedroom units, 77 two-bedroom units, and 44 three-bedroom units, serving families with rents affordable to households earning 20%-60% of area median income (AMI). The building will be 9 stories and Type I construction. Common amenities include a community room with a kitchen, teen recreation room, computer lab, an early learning center, co-working space, and a mix of outdoor spaces. Each unit will have a refrigerator, range/oven, and dishwasher. The construction is expected to begin in January 2025 and be completed in January 2027. The project will be developed by Chinatown Community Development Center and will be located in Senate District 11 and Assembly District 17.

The project financing includes state funding from the Multifamily Housing Program (MHP) of HCD.

Project Number CA-24-535

Project Name Casa Adelante 1515 South Van Ness
Site Address: 1515 South Van Ness Avenue
San Francisco, CA 94110
County: San Francisco
Census Tract: 229.01

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$7,697,150	\$0
Recommended:	\$7,697,150	\$0

Tax-Exempt Bond Allocation
Recommended: \$82,142,319

CTCAC Applicant Information
CTCAC Applicant / CDLAC Sponsor: Casa Adelante SVN Housing, L.P.
Contact: Angelina Perez
Address: 615 Grant Avenue
San Francisco, CA 94108
Phone: (415) 935-2458
Email: angelina.perez@chinatowncdc.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: City and County of San Francisco
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: JPMorgan Chase Bank, NA

Development Team

General Partner(s) or Principal Owner(s): CCDC Casa Adelante SVN LLC
 MEDA Casa Adelante SVN LLC

General Partner Type: Nonprofit

Parent Company(ies): Chinatown Community Development Corporation (CCDC)
 Mission Economic Development Corporation (MEDA)

Developer: Chinatown Community Development Center

Investor/Consultant: California Housing Partnership

Management Agent: Chinatown Community Development Center

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 168

No. / % of Low Income Units: 167 100.00%

Average Targeted Affordability: 33.16%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family

Geographic Area: San Francisco County

Set Aside: Extremely Low/Very Low Income Set Aside

Homeless Set Aside Units: 42

CDLAC Project Analyst: Anthony Wey

CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	59	35%
40% AMI:	10	6%
50% AMI:	80	48%
60% AMI:	18	11%

Unit Mix

15 SRO/Studio Units
32 1-Bedroom Units
77 2-Bedroom Units
<u>44 3-Bedroom Units</u>
168 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
16 1 Bedroom	20%	\$358
11 2 Bedrooms	20%	\$390
13 3 Bedrooms	20%	\$421
1 2 Bedrooms	30%	\$390
1 3 Bedrooms	30%	\$421
13 SRO/Studio	30%	\$756
4 1 Bedroom	30%	\$865
10 1 Bedroom	40%	\$1,153
15 2 Bedrooms	50%	\$1,621
15 3 Bedrooms	50%	\$1,801
39 2 Bedrooms	50%	\$1,945
6 3 Bedrooms	50%	\$2,161
2 SRO/Studio	50%	\$1,261
2 1 Bedroom	50%	\$1,441
1 2 Bedrooms	50%	\$1,621
9 2 Bedrooms	60%	\$2,334
9 3 Bedrooms	60%	\$2,594
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,634,188
Construction Costs	\$117,912,855
Construction Hard Cost Contingency	\$7,574,274
Soft Cost Contingency	\$1,707,112
Architectural/Engineering	\$3,671,536
Const. Interest, Perm. Financing	\$17,619,795
Legal Fees	\$736,038
Reserves	\$743,697
Other Costs	\$4,483,613
Developer Fee	\$3,500,000
Commercial Costs	<u>\$2,847,754</u>
Total	\$163,430,862

Residential

Construction Cost Per Square Foot:	\$615
Per Unit Cost:	\$955,456
Estimated Hard Per Unit Cost:	\$656,462
True Cash Per Unit Cost*:	\$952,533
Bond Allocation Per Unit:	\$488,942
Bond Allocation Per Restricted Rental Unit:	\$491,870

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Chase Bank: Tax-Exempt	\$82,142,319	Chase Bank: Tax-Exempt	\$4,749,000
Chase Bank: Taxable	\$21,645,336	City & County of San Francisco	\$45,360,000
City & County of San Francisco	\$45,360,000	HCD: MHP	\$37,930,397
Accrued Interest	\$458,900	Accrued Interest	\$458,900
Deferred Developer Fee	\$500,000	General Partner Contribution	\$500,000
Deferred Costs	\$2,521,297	Deferred Developer Fee	\$500,000
Tax Credit Equity	\$10,803,010	Tax Credit Equity	\$73,932,565
		TOTAL	\$163,430,862

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$148,022,106
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$192,428,738
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$7,697,150
Approved Developer Fee in Project Cost:	\$3,500,000
Approved Developer Fee in Eligible Basis:	\$3,433,576
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.96052

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.

CTCAC Significant Information / Additional Conditions

The total land cost/acquisition cost of \$2,685,148 in the sources and uses budget excludes the land value of \$13,200,000. The project is a ground lease.

Staff noted a per unit development cost of \$952,533. The applicant noted that the per unit cost is attributed to prevailing wage and local hiring requirements, soil conditions, site-specific structural requirements, demolition cost, Calle 24 design requirements, SF Arts commission, logistics coordination, contractor's general conditions and fee, commercial costs, and construction loan interest.

Per CTCAC Regulation Section 10325(f)(7)(J), in lieu of 1 manager's unit, the project has committed to employ an equivalent number of on-site full-time property management staff and provide an equivalent number of desk or security staff capable of responding to emergencies for the hours when property management staff is not working. All staff or contractors performing desk or security work shall be knowledgeable of how the property's fire system operates and be trained in, and have participated in, fire evacuation drills for tenants. CTCAC reserves the right to require that one or more on-site managers' units be provided and occupied by property management staff if, in its sole discretion, it determines as part of any on-site inspection that the project has not been adequately operated and/or maintained.

CDLAC Analyst Comments

None

Resyndication and Resyndication Transfer Event: None.

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.

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. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.

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).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	9
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	119

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: 167.464%