

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
December 11, 2024**

The project, 850 Turk Street, located at 850 Turk Street in San Francisco on a 0.43 acre site, requested and is being recommended for a reservation of \$4,567,466 in annual federal tax credits and \$48,478,327 of tax-exempt bond cap to finance the new construction of 92 units of housing, consisting of 91 restricted rental units and 1 unrestricted manager's unit. The project will have 28 studio units, 16 one-bedroom units, 21 two-bedroom units, and 27 three-bedroom units, serving families with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in April 2025 and be completed in February 2027. The project will be developed by MidPen Housing Corporation and will be located in Senate District 11 and Assembly District 17.

The project financing includes state funding from the Infill Infrastructure Grant (IIG), Local Government Matching Grant (LGMG), & Affordable Housing and Sustainable Communities (AHSC) programs of HCD.

Project Number CA-24-653

Project Name 850 Turk Street
Site Address: 850 Turk Street
San Francisco, CA 94102
County: San Francisco
Census Tract: 160.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,567,466	\$0
Recommended:	\$4,567,466	\$0

Tax-Exempt Bond Allocation
Recommended: \$48,478,327

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: MidPen Housing Corporation
Contact: Joanna Carman
Address: 303 Vintage Park Drive, Ste. 250
Foster City, CA 94404
Phone: 831-707-2141
Email: joanna.carman@midpen-housing.org

Bond Financing Information
CDLAC Applicant/Bond Issuer: Mayor's Office of Housing and Community Development
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Wells Fargo Bank, N.A.

Development Team
General Partner(s) or Principal Owner(s): MP Turk Street LLC
General Partner Type: Nonprofit
Parent Company(ies): MidPen Housing Corporation
Developer: MidPen Housing Corporation
Investor/Consultant: California Housing Partnership
Management Agent: MidPen Property Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 92
 No. / % of Low Income Units: 91 100.00%
 Average Targeted Affordability: 42.30%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: San Francisco County
 State Ceiling Pool: New Construction
 Set Aside: Extremely Low/Very Low Income Set Aside
 CDLAC Project Analyst: Amit Sarang
 CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	25	27%
40% AMI:	32	35%
50% AMI:	21	23%
60% AMI:	13	14%

Unit Mix

28 SRO/Studio Units
 16 1-Bedroom Units
 21 2-Bedroom Units
 27 3-Bedroom Units

 92 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
8 SRO/Studio	30%	\$1,027
5 1 Bedroom	30%	\$1,102
6 2 Bedrooms	30%	\$1,322
6 3 Bedrooms	30%	\$1,497
12 SRO/Studio	40%	\$1,370
5 1 Bedroom	40%	\$1,469
6 2 Bedrooms	40%	\$1,762
9 3 Bedrooms	40%	\$2,036
8 SRO/Studio	50%	\$1,713
3 1 Bedroom	50%	\$1,836
4 2 Bedrooms	50%	\$2,203
6 3 Bedrooms	50%	\$2,545
3 1 Bedroom	60%	\$2,204
4 2 Bedrooms	60%	\$2,644
6 3 Bedrooms	60%	\$2,996
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$904,536
Construction Costs	\$61,560,217
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,116,913
Soft Cost Contingency	\$268,067
Relocation	\$0
Architectural/Engineering	\$3,113,000
Const. Interest, Perm. Financing	\$10,158,114
Legal Fees	\$170,000
Reserves	\$458,726
Other Costs	\$2,991,215
Developer Fee	\$11,456,854
Commercial Costs	\$0
Total	\$94,197,642

Residential

Construction Cost Per Square Foot:	\$624
Per Unit Cost:	\$1,023,887
Estimated Hard Per Unit Cost:	\$589,748
True Cash Per Unit Cost*:	\$923,269
Bond Allocation Per Unit:	\$526,938
Bond Allocation Per Restricted Rental Unit:	\$532,729

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo: Tax-Exempt	\$48,478,327	CCRC ²	\$5,503,000
Wells Fargo: Taxable	\$13,769,242	HCD: AHSC	\$22,000,000
HCD: IIG	\$1,317,000	HCD: IIG	\$1,317,000
HCD: LGMG	\$7,760,753	HCD: LGMG	\$7,760,753
SF MOHCD ¹	\$5,000,000	SF MOHCD ¹	\$5,000,000
Deferred Costs	\$2,328,126	Deferred Developer Fee	\$9,256,854
Deferred Developer Fee	\$9,256,854	General Partner Equity	\$100
General Partner Equity	\$100	Tax Credit Equity	\$43,359,935
Tax Credit Equity	\$6,287,240	TOTAL	\$94,197,642

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

¹San Francisco Mayor's Office of Housing and Community Development

²California Community Reinvestment Corporation

Determination of Credit Amount(s)

Requested Eligible Basis:	\$87,835,877
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$114,186,640
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,567,466
Approved Developer Fee (in Project Cost & Eligible Basis):	\$11,456,854
Federal Tax Credit Factor:	\$0.94932

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

Staff noted a per unit development cost of \$923,269. The applicant noted that the per unit cost is attributed to labor, design, and construction costs in San Francisco; as well as mitigation of substances at the proposed building site and building the foundation system to support a high-rise building.

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: 150.476%