

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

Balboa Reservoir - Building E, located at 11 Frida Kahlo Way in San Francisco on a 0.76 acre site, requested and is being recommended for a reservation of \$5,244,316 in annual federal tax credits and \$73,004,348 of tax-exempt bond cap to finance the new construction of 128 units of housing, consisting of 127 restricted rental units and 1 unrestricted manager's unit. The project will have 56 one-bedroom units, 40 two-bedroom units, and 32 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 June 2025 and be completed in June 2027. The project will be developed by BRIDGE Housing Corporation and will be located in Senate District 11 and Assembly District 19.

The project financing includes state funding from the Affordable Housing and Sustainable Communities (AHSC) program of HCD.

Project Number CA-24-670

Project Name Balboa Reservoir - Building E
Site Address: 11 Frida Kahlo Way
San Francisco, CA 94112
County: San Francisco
Census Tract: 310.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$5,244,316	\$0
Recommended:	\$5,244,316	\$0

Tax-Exempt Bond Allocation
Recommended: \$73,004,348

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: Balboa Lee Avenue, L.P.
Contact: Smitha Seshadri
Address: 350 California Street, 16th Floor
San Francisco, CA 94104
Phone: 415-321-3516
Email: sseshadri@bridgehousing.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: City and County of San Francisco
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Citibank, N.A.

Development Team
General Partner(s) or Principal Owner(s): Balboa Lee Avenue LLC
General Partner Type: Nonprofit
Parent Company(ies): BRIDGE Housing Corporation
Developer: BRIDGE Housing Corporation
Investor/Consultant: California Housing Partnership
Management Agent: BRIDGE Property Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 128
 No. / % of Low Income Units: 127 100.00%
 Average Targeted Affordability: 49.38%
 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: Jake Salle
 CTCAC Project Analyst: Chris Saenz

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	31	24%
50% AMI:	36	28%
60% AMI:	60	47%

Unit Mix

56 1-Bedroom Units
40 2-Bedroom Units
<u>32 3-Bedroom Units</u>
128 Total Units

<u>Unit Type & Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
15 1 Bedroom	30%	\$1,101
10 2 Bedrooms	30%	\$1,322
6 3 Bedrooms	30%	\$1,498
18 1 Bedroom	50%	\$1,802
12 2 Bedrooms	50%	\$2,191
6 3 Bedrooms	50%	\$2,435
23 1 Bedroom	60%	\$2,203
17 2 Bedrooms	60%	\$2,644
20 3 Bedrooms	60%	\$2,998
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$12,964,622
Construction Costs	\$83,649,859
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,729,060
Soft Cost Contingency	\$716,412
Relocation	\$0
Architectural/Engineering	\$2,628,018
Const. Interest, Perm. Financing	\$12,829,667
Legal Fees	\$247,500
Reserves	\$1,125,214
Other Costs	\$3,840,365
Developer Fee	\$17,101,029
Commercial Costs	\$0
Total	\$139,831,746

Residential

Construction Cost Per Square Foot:	\$618
Per Unit Cost:	\$1,092,436
Estimated Hard Per Unit Cost:	\$568,230
True Cash Per Unit Cost*:	\$1,084,389
Bond Allocation Per Unit:	\$570,346
Bond Allocation Per Restricted Rental Unit:	\$574,837

Construction Financing

Source	Amount
Citibank: Tax Exempt	\$73,004,348
Citibank: Taxable	\$6,862,434
SF MOHCD ¹	\$37,531,286
Developer Fee Contribution	\$13,601,029
Deferred Developer Fee	\$1,030,000
Deferred Costs	\$2,845,234
Tax Credit Equity	\$4,957,415

Permanent Financing

Source	Amount
Citibank: Tax-Exempt	\$15,672,000
HCD: AHSC	\$19,610,404
HCD: AHSC STI ²	\$1,179,373
SF MOHCD ¹	\$37,531,286
Developer Fee Contribution	\$13,601,029
Deferred Developer Fee	\$1,030,000
Tax Credit Equity	\$51,207,654
TOTAL	\$139,831,746

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

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

²Sustainable Transportation Infrastructure

Determination of Credit Amount(s)

Requested Eligible Basis:	\$131,107,892
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$131,107,892
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$5,244,316
Approved Developer Fee (in Project Cost & Eligible Basis):	\$17,101,029
Federal Tax Credit Factor:	\$0.97644

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 \$1,093,853. The applicant noted that the per unit cost is attributed to prevailing wages, local permit fees, high interest rate environment, and construction cost.

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	10
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	120

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: 126.190%