

**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, 160 Freelon, located at 160 Freelon Street in San Francisco on a 0.3 acre site, requested and is being recommended for a reservation of \$4,603,977 in annual federal tax credits and \$48,900,000 of tax-exempt bond cap to finance the new construction of 85 units of housing, consisting of 84 restricted rental units and 1 unrestricted manager's unit. The project will have 15 studio units, 24 one-bedroom units, 23 two-bedroom units, and 23 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 April 2027. The project will be developed by Related Irvine Development Company and will be located in Senate District 11 and Assembly District 17.

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

Project Number CA-24-767

Project Name 160 Freelon
Site Address: 160 Freelon Street
San Francisco, CA 94107
County: San Francisco
Census Tract: 180.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$4,603,977	\$0
Recommended:	\$4,603,977	\$0

Tax-Exempt Bond Allocation
Recommended: \$48,900,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: 160 Freelon Housing Partners, L.P.
Contact: Ann Silverberg
Address: 44 Montgomery Street, Suite 1310
San Francisco, CA 94104
Phone: (415) 677-4009
Email: asilverberg@related.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: City and County of San Francisco
Bond Counsel: Stradling, Yocca, Carlson & Rauth
Private Placement Purchaser: Citibank, N.A.

Development Team

General Partner(s) or Principal Owner(s): Related/160 Freelon Development Co., LLC
 SFHDC 160 Freelon LLC

General Partner Type: Joint Venture

Parent Company(ies): The Related Companies of California, LLC
 San Francisco Housing Development Corporation

Developer: Related Irvine Development Company

Investor/Consultant: Raymond James Affordable Housing Investments, Inc.

Management Agent: Related Management Company

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 85

No. / % of Low Income Units: 84 100.00%

Average Targeted Affordability: 38.73%

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: N/A

Homeless Set Aside Units: 22

CDLAC Project Analyst: Jake Salle

CTCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	22	26%
40% AMI:	30	36%
50% AMI:	14	17%
60% AMI:	18	21%

Unit Mix

15 SRO/Studio Units
24 1-Bedroom Units
23 2-Bedroom Units
<u>23 3-Bedroom Units</u>
85 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
12 SRO/Studio	40%	\$1,370
3 SRO/Studio	50%	\$1,713
11 1 Bedroom	30%	\$250
10 1 Bedroom	40%	\$1,469
3 1 Bedroom	50%	\$1,836
6 2 Bedrooms	30%	\$250
4 2 Bedrooms	40%	\$1,762
4 2 Bedrooms	50%	\$2,203
8 2 Bedrooms	60%	\$2,644
5 3 Bedrooms	30%	\$250
4 3 Bedrooms	40%	\$2,036
4 3 Bedrooms	50%	\$2,545
10 3 Bedrooms	60%	\$2,997
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$501
Construction Costs	\$67,737,044
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,372,822
Soft Cost Contingency	\$807,207
Relocation	\$0
Architectural/Engineering	\$3,565,977
Const. Interest, Perm. Financing	\$14,725,720
Legal Fees	\$470,040
Reserves	\$565,000
Other Costs	\$2,439,294
Developer Fee	\$6,777,000
Commercial Costs	\$0
Total	\$100,460,605

Residential

Construction Cost Per Square Foot:	\$1,015
Per Unit Cost:	\$1,181,889
Estimated Hard Per Unit Cost:	\$697,370
True Cash Per Unit Cost*:	\$1,172,748
Bond Allocation Per Unit:	\$575,294
Bond Allocation Per Restricted Rental Unit:	\$582,143

Construction Financing

Source	Amount
Citibank: Tax-Exempt	\$48,900,000
Citibank: Taxable	\$16,511,096
SF MOHCD ¹	\$22,577,921
SF MOHCD ¹ : Accrued Interest	\$1,776,000
Deferred Costs	\$3,565,000
Deferred Developer Fee	\$777,000
General Partner Equity	\$100
Tax Credit Equity	\$6,353,488

Permanent Financing

Source	Amount
Citibank: Tax-Exempt	\$3,973,000
HCD: AHSC	\$29,000,000
SF MOHCD ¹	\$22,577,921
SF MOHCD ¹ : Accrued Interest	\$1,776,000
Deferred Developer Fee	\$777,000
General Partner Equity	\$100
Tax Credit Equity	\$42,356,584
TOTAL	\$100,460,605

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

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$88,546,874
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$115,110,936
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,603,977
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,777,000
Federal Tax Credit Factor:	\$0.92000

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 \$1,172,748. The applicant noted that the per unit cost is affected by payment of prevailing wages, installation of a vapor intrusion mitigation system, and use of Type I-B construction that requires a deep pile foundation.

The property is owned by the City and County of San Francisco and leased to the applicant.

The current legal description is part of a larger site and the project site’s legal description and APN have not yet been finalized. The legal description and APN for CA-24-767 must be completed as part of the Placed-in-Service package.

The project will restrict 22 of the units (26%) to serve special needs tenants consisting of homeless populations.

The proposed rent for the 22 special needs/homeless units does not include a utility allowance. The owner will pay for all utilities for these units.

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: 136.369%