

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
August 19, 2015**

255 Woodside, located at 255 Woodside Avenue in San Francisco, CA, requested and is being recommended for a reservation of 1,892,088 in annual federal tax credits to finance the construction acquisition and rehabilitation of 108 units of housing serving tenants with rents affordable to households earning 50% of area median income (AMI). The project will be developed by BRIDGE Housing Corporation and Mission Economic Development Corporation and will be located in Senate District 11 and Assembly District 17.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and HUD (RAD) Project-based Vouchers.

**Project Number** CA-15-870

**Project Name** 255 Woodside  
Site Address: 255 Woodside Avenue  
San Francisco, CA 94127 County: San Francisco  
Census Tract: 305.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,892,088	\$0
Recommended:	\$1,892,088	\$0

**Applicant Information**

Applicant: 255 Woodside Housing Associates, L.P.  
Contact: Ann Silverberg  
Address: 600 California Street, Suite 900  
San Francisco CA, 94108  
Phone: 415-989-1111 Fax: 415-495-4898  
Email: asilverberg@bridgehousing.com

General Partner(s) or Principal Owner(s): 255 Woodside LLC  
General Partner Type: Nonprofit  
Parent Company(ies): Winfield Hill, Inc.  
MEDA Housing LLC  
Developer: BRIDGE Housing Corporation  
Mission Economic Development Corporation  
Investor/Consultant: Bank of America  
Management Agent: BRIDGE Property Management Company

**Project Information**

Construction Type: Acquisition and Rehabilitation  
 Total # Residential Buildings: 1  
 Total # of Units: 109  
 No. & % of Tax Credit Units: 108 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-Based Vouchers (53 units - 49%)  
 HUD (RAD) Project-Based Vouchers (55 units - 50%)  
 55-Year Use/Affordability: Yes  
 Number of Units @ or below 50% of area median income: 108

**Bond Information**

Issuer: City and County of San Francisco  
 Expected Date of Issuance: October 1, 2015  
 Credit Enhancement: No

**Information**

Housing Type: Non-Targeted  
 Geographic Area: San Francisco County  
 TCAC Project Analyst: Mayra Lozano

**Unit Mix**

87 SRO/Studio Units  
 22 1-Bedroom Units  


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 109 Total Units

<b>Unit Type &amp; Number</b>	<b>2015 Rents Targeted % of Area Median Income</b>	<b>2015 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
55 SRO/Studio	50%	41%	\$850
32 SRO/Studio	50%	41%	\$850
21 1 Bedroom	50%	44%	\$972
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$25,665,000
Construction Costs	\$0
Rehabilitation Costs	\$15,579,139
Construction Contingency	\$2,804,245
Relocation	\$694,301
Architectural/Engineering	\$1,243,528
Construction Interest, Perm Financing	\$2,761,534
Legal Fees, Appraisals	\$145,000
Reserves	\$1,413,617
Other Costs	\$1,034,374
Developer Fee	\$2,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$53,840,738</b>

**Project Financing**

Estimated Total Project Cost:	\$53,840,738
Estimated Residential Project Cost:	\$53,840,738

**Construction Financing**

Source	Amount
Bank of America	\$30,708,000
SF MOHCD Predev/Perm Loan	\$426,831
Seller Carryback Note*	\$18,792,517
Accrued/Deferred Interest*	\$665,568
Costs Deferred Until Conversion	\$2,154,303
Deferred Developer Fee	\$57,345
Tax Credit Equity	\$1,036,174

**Residential**

Construction Cost Per Square Foot:	\$196
Per Unit Cost:	\$493,952

**Permanent Financing**

Source	Amount
Bank of America	\$5,533,000
SF MOHCD Predev/Perm Loan	\$426,831
SFHA Permanent Loan	\$4,900,000
Seller Carryback Note*	\$18,792,517
Accrued/Deferred Interest*	\$665,568
GP Capital Contribution	\$500,000
Deferred Developer Fee	\$57,345
Tax Credit Equity	\$22,965,477
<b>TOTAL</b>	<b>\$53,840,738</b>

\*Seller carryback note and accrued deferred interest are held by San Francisco Housing Authority

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$23,454,409
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$26,845,277
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$30,490,732
Qualified Basis (Acquisition):	\$26,845,277
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$1,006,194
Maximum Annual Federal Credit, Acquisition:	\$885,894
Total Maximum Annual Federal Credit:	\$1,892,088
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Bank of America
Federal Tax Credit Factor:	\$1.21376

Per Regulation Section 10322(i)(4)(A), 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, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$50,299,686
Actual Eligible Basis:	\$50,299,686
Unadjusted Threshold Basis Limit:	\$34,837,101
Total Adjusted Threshold Basis Limit:	\$80,125,332

**Adjustments to Basis Limit:**

- Required to Pay Prevailing Wages
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 100%

**Cost Analysis and Line Item Review**

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.30% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

**Special Issues/Other Significant Information:**

The proposed rent does not include any utility allowance. The owner will pay for all utilities.

The applicant has requested and been granted a waiver to reduce the 10% mobility feature requirement under TCAC Regulation Section 10325(f)(7)(K) down to 5%.

The applicant has requested and been granted a waiver to substitute in vinyl sheet and vinyl plank flooring for the minimum construction standard of floor coverings under TCAC Regulation Section 10325(f)(7)(G).

**Local Reviewing Agency:**

The Local Reviewing Agency, City and County of San Francisco, Mayors Office of Housing and Community Development, has completed a site review of this project and strongly supports this project.

**Recommendation:** Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$1,892,088</b>	<b>\$0</b>

**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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC 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 TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC 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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC 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 TCAC in its final feasibility analysis.

**Additional Conditions:** None