

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2010 Second Round

September 22, 2010

Project Number CA-2010-826

Project Name 636 El Camino - Phase II

Site Address: 636 El Camino Real

South San Francisco, CA 94080 County: San Mateo

Census Tract: 6023.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$596,029	\$2,278,935
Recommended:	\$596,029	\$2,278,935

Applicant Information

Applicant: Mid-Peninsula Housing Coalition

Contact: Matthew O. Franklin

Address: 303 Vintage Park Drive Suite 250
Foster City, CA 94404

Phone: 650-356-2903

Email: mfranklin@midpen-housing.org

General partner(s) or principal owner(s): Mid-Peninsula Greenridge, Inc.

General Partner Type: Nonprofit

Developer: Mid-Peninsula Housing Coalition

Investor/Consultant: CHPC

Management Agent: Mid-Peninsula Housing Management Corporation

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 46

No. & % of Tax Credit Units: 45 100%

Federal Set-Aside Elected: Large Family

Federal Subsidy: Tax Exempt/ HUD Project-based Section 8 (21 units - 46%)

Affordability Breakdown by % (Lowest Income Points):

30% AMI: 25 %

40% AMI: 35 %

50% AMI: 35 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: San Mateo County
 TCAC Project Analyst: Benjamin Schwartz

Unit Mix

13 1-Bedroom Units
 12 2-Bedroom Units
 21 3-Bedroom Units

 46 Total Units

Unit Type & Number	2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
7 1 Bedroom	30%	16%	\$331
5 1 Bedroom	40%	40%	\$806
1 1 Bedroom	50%	50%	\$1,008
3 2 Bedrooms	30%	19%	\$449
3 2 Bedrooms	40%	40%	\$969
5 2 Bedrooms	50%	50%	\$1,210
3 3 Bedrooms	30%	30%	\$838
8 3 Bedrooms	40%	40%	\$1,117
10 3 Bedrooms	50%	50%	\$1,397
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$20,590,859 Construction Cost Per Square Foot: \$146
 Per Unit Cost: \$447,627

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank Tax-Exempt Construction Loan	\$12,000,000	US Bank - NOI Tranche	\$1,491,000
City of South San Francisco RDA	\$4,331,138	US Bank - Sect 8 Tranche	\$2,257,391
County of San Mateo	\$300,341	City of South San Francisco	\$7,526,603
Housing Endowment & Regional Trust	\$400,000	County of San Mateo	\$300,341
Mental Health Services Act	\$1,081,600	Housing Endowment and Regional Trust	\$400,000
Childcare Fee Waiver	\$85,146	Mental Health Services Act	\$1,081,600
Accrued/Deferred Soft Loan Interest	\$281,893	AHP	\$450,000
Deferred Developer Fee	\$690,339	Childcare Fee Waiver	\$85,146
Tax Credit Equity	\$814,307	Accrued/Deferred Interest	\$281,893
		Deferred Developer Fee	\$690,339
		Tax Credit Equity	\$6,026,546
		TOTAL	\$20,590,859

Determination of Credit Amount(s)

Requested Eligible Basis:	\$17,530,271
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$17,530,271
Applicable Rate:	3.40%
Maximum Annual Federal Credit:	\$596,029
Total State Credit:	\$2,278,935
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	CHPC
Federal Tax Credit Factor:	\$0.80000
State Tax Credit Factor:	\$0.55215

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:	\$17,530,271
Actual Eligible Basis:	\$17,530,271
Unadjusted Threshold Basis Limit:	\$12,235,490
Total Adjusted Threshold Basis Limit:	\$31,078,144

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Subterranean parking

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 71%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted to 35% of AMI and below: 57%

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 3.50% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: None

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

The Local Reviewing Agency, the City of South San Francisco, 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:

Federal Tax Credits/Annual	State Tax Credits/Total
\$596,029	\$2,278,935

Standard Conditions

The applicant must submit all documentation required for any Readiness 150-Day Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ¼ mile of public park or community center open to general public	3	3	3
Within ¼ mile of public library	3	3	3
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
Large Family proj. w/i ¼ mile of public school project children may attend	3	3	3
Within ¼ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
Adult educational classes, minimum instruction of 60 hours/year	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	8	8	8
New construction/adaptive reuse energy efficiency 10% above Title 24	4	4	4
Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
CRI Green-label, low-VOC carpet and pad	1	1	1
Recycled materials incorp. into concrete, carpet, road base, landscape	1	1	1
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
Total Points	124	124	124

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.