CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 14, 2020

Glen Loma Ranch Apartments, located at North of W. Luchessa Avenue, between W. 10th Street & Miller Avenue in Santa Clara, requested and is being recommended for a reservation of $2,738,964 in annual federal tax credits to finance the new construction of 156 units of housing serving large families with rents affordable to households earning 50-80% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 17 and Assembly District 30.

The project financing includes state funding from the MIP through CalHFA.

Project Number	CA-20-900

Project Name	Glen Loma Ranch Apartments		
Site Address:	North of W. Luchessa Ave. between W. 10th St. & Miller Ave.		
	Gilroy, CA 95020	County:	Santa Clara
Census Tract:	5125.09		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,738,964	$0
Recommended:	$2,738,964	$0

Applicant Information

Applicant:	Gilroy Glen Loma Pacific Associates, a California Limited Partnership
Contact:	Caleb Roope
Address:	430 E. State Street, Suite 100 Eagle, ID 83616
Phone:	208.461.0022
Email:	calebr@tpchousing.com

General Partner(s) or Principal Owner(s):	TPC Holdings VII, LLC W R Spann, LLC Central Valley Coalition for Affordable Housing
General Partner Type:	Joint Venture
Parent Company(ies):	The Pacific Companies W R Spann, LLC Central Valley Coalition for Affordable Housing
Developer:	Pacific West Communities, Inc.
Investor/Consultant:	Boston Capital
Management Agent:	Aperto Property Management, Inc.

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	10	
Total # of Units:	158	
No. / % of Low Income Units:	156	100.00%
Federal Set-Aside Elected:	40%/60% Average Income	
Federal Subsidy:	Tax-Exempt	

Bond Information

Issuer:	California Housing Finance Agency (CalHFA)
Expected Date of Issuance:	April 1, 2020

Information

Housing Type:	Large Family and Sen
Geographic Area:	South and West Bay Region
TCAC Project Analyst:	Jonghyun Shim

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	76	49%
60% AMI:	42	27%
80% AMI:	38	24%

Unit Mix

61	1-Bedroom Units
57	2-Bedroom Units
40	3-Bedroom Units
158	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
22	1 Bedroom	50%	50%	$1,372
11	1 Bedroom	60%	60%	$1,647
28	1 Bedroom	80%	73%	$2,002
5	2 Bedrooms	50%	50%	$1,646
5	2 Bedrooms	60%	60%	$1,975
6	2 Bedrooms	80%	63%	$2,073
25	2 Bedrooms	50%	50%	$1,646
12	2 Bedrooms	60%	60%	$1,975
2	2 Bedrooms	80%	63%	$2,073
24	3 Bedrooms	50%	50%	$1,902
14	3 Bedrooms	60%	55%	$2,096
2	3 Bedrooms	80%	55%	$2,096
2	2 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$5,311,000
Construction Costs	$52,092,094
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$2,850,000
Soft Cost Contingency	$800,000
Relocation	$0
Architectural/Engineering	$740,000
Const. Interest, Perm. Financing	$7,277,000
Legal Fees	$120,000
Reserves	$1,546,748
Other Costs	$7,250,107
Developer Fee	$9,000,000
Commercial Costs	$0
Total	**$86,986,949**

Residential	
Construction Cost Per Square Foot:	$406
Per Unit Cost:	$550,550
True Cash Per Unit Cost*:	$512,949

Construction Financing	
Source	Amount
Citibank - Tax Exempt	$33,000,000
Citibank - Taxable	$27,000,000
Bonneville - Tax Exempt	$15,000,000
Deferred Costs	$1,546,748
Land Contribution	$1,000
Deferred Developer fee	$9,000,000
Tax Credit Equity	$1,439,201

Permanent Financing	
Source	Amount
Citibank	$33,000,000
Bonneville	$15,000,000
CalHFA - MIP	$7,850,000
Land Contribution	$1,000
Deferred Developer Fee	$5,940,000
Tax Credit Equity	$25,195,949
TOTAL	**$86,986,949**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$84,535,931
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	$84,535,931
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$2,738,964
Approved Developer Fee (in Project Cost & Eligible Basis):	$9,000,000
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	$0.91991

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.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	$84,535,931
Actual Eligible Basis:	$84,535,931
Unadjusted Threshold Basis Limit:	$70,620,439
Total Adjusted Threshold Basis Limit:	$110,855,087

Adjustments to Basis Limit

Local Development Impact Fees

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 48%

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 are below the minimum operating expenses established in the Regulations as allowed under regulation section 10327(g)(1). See the **Significant Information** section of this report below. The project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.24% 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.

Significant Information / Additional Conditions
Glen Loma Ranch Apartments will contain both senior residences (aged 62+) and family housing units. The applicant included the required legal opinion stating that the project complies with fair housing law, as required for senior and non-senior mixed housing.

Staff noted a per unit development cost of $512,949. The applicant indicated that the project has significant impact and offsite improvements costs. On and offsite improvements include civil improvements (grading, paving and concrete, storm drain, sewer, water) and landscaping improvements. The land is being donated for a nominal cost of $1,000.

The applicant's estimate for annual operating expenses per unit is below the $6,300 published per unit operating expense minimum required for this type of project. As allowed by TCAC Regulation Section 10327(g)(1), TCAC approves the annual per unit operating expense total of $5,900 in agreement with the permanent lender and equity investor.

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.

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.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.