

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

The Village at Burlingame, located at 150 Park Road in Burlingame, requested and is being recommended for a reservation of \$3,657,315 in annual federal tax credits to finance the new construction of 117 units of housing serving tenants 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 13 and Assembly District 22.

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

<b>Project Number</b>	CA-20-901		
<b>Project Name</b>	The Village at Burlingame		
Site Address:	150 Park Road		
	Burlingame, CA 94010	County:	San Mateo
Census Tract:	6055.00		

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$3,657,315	\$0
Recommended:	\$3,657,315	\$0

**Applicant Information**

Applicant:	Burlingame 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 Riverside Charitable Corporation
General Partner Type:	Joint Venture
Parent Company(ies):	The Pacific Companies Riverside Charitable Corporation
Developer:	Pacific West Communities, Inc.
Investor/Consultant:	Boston Capital
Management Agent:	Aperto Property Management, Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 132  
 No. / % of Low Income Units: 117 89.31%  
 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: Non-Targeted  
 Geographic Area: South and West Bay Region  
 TCAC Project Analyst: Jonghyun Shim

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>		<b>Percentage of</b>
<b>Number of Units</b>		<b>Affordable Units</b>
50% AMI:	82	70%
80% AMI:	35	30%

**Unit Mix**

3 SRO/Studio Units  
 102 1-Bedroom Units  
 27 2-Bedroom Units  


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 132 Total Units

<u>Unit Type &amp; Number</u>	<u>2019 Rents Targeted % of Area Median Income</u>	<u>2019 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
36 1 Bedroom	50%	50%	\$1,511
13 1 Bedroom	80%	80%	\$2,419
3 2 Bedrooms	50%	50%	\$1,813
2 2 Bedrooms	80%	73%	\$2,651
1 SRO/Studio	50%	50%	\$1,411
1 SRO/Studio	80%	80%	\$2,258
32 1 Bedroom	50%	50%	\$1,511
11 1 Bedroom	80%	80%	\$2,419
10 2 Bedrooms	50%	50%	\$1,813
8 2 Bedrooms	80%	73%	\$2,651
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0
1 SRO/Studio	Market Rate Unit	Market Rate Unit	\$2,600
10 1 Bedroom	Market Rate Unit	Market Rate Unit	\$2,850
3 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$3,200

### **Project Cost Summary at Application**

Land and Acquisition	\$23,883,333
Construction Costs	\$62,358,123
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,150,000
Soft Cost Contingency	\$900,000
Relocation	\$0
Architectural/Engineering	\$1,335,000
Const. Interest, Perm. Financing	\$10,650,100
Legal Fees	\$100,000
Reserves	\$1,636,840
Other Costs	\$1,875,260
Developer Fee	\$9,000,000
Commercial Costs	\$0
<b>Total</b>	<b>\$114,888,656</b>

### **Residential**

Construction Cost Per Square Foot:	\$575
Per Unit Cost:	\$870,369
True Cash Per Unit Cost*:	\$749,434

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank - Tax-Exempt	\$43,000,000	Citibank	\$33,000,000
Citibank - Taxable	\$29,000,000	Bonneville	\$20,000,000
Bonneville - Tax-Exempt	\$20,000,000	CalHFA - MIP Loan	\$9,700,000
City of Burlingame - Land	\$9,633,333	City of Burlingame - Land	\$9,633,333
City of Burlingame - Parking	\$1,850,000	City of Burlingame - Parking	\$1,850,000
Deferred Costs	\$1,636,840	Deferred Developer Fee	\$6,330,000
Deferred Developer Fee	\$9,000,000	Tax Credit Equity	\$34,375,323
Tax Credit Equity	\$768,483	<b>TOTAL</b>	<b>\$114,888,656</b>

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

#### **Determination of Credit Amount(s)**

Requested Eligible Basis:	\$97,562,738
130% High Cost Adjustment:	Yes
Applicable Fraction:	89.31%
Qualified Basis:	\$113,277,042
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$3,657,315
Approved Developer Fee (in Project Cost & Eligible Basis):	\$9,000,000
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.93991

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:	\$97,562,738
Actual Eligible Basis:	\$97,562,738
Unadjusted Threshold Basis Limit:	\$54,037,389
Total Adjusted Threshold Basis Limit:	\$97,776,441

#### **Adjustments to Basis Limit**

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels  
 Local Development Impact Fees  
 95% of Upper Floor Units are Elevator-Serviced  
 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are  
 Income Targeted between 50% AMI & 36% AMI: 62%

### **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**

Staff noted a high per unit development cost of \$749,434. Factors contributing to this cost are extensive impact and offsite improvements cost. The City of Burlingame required the developer to contribute to the offsite improvements including parking garage adjacent to housing property. The parking garage will consist of 368 parking stalls as required in the Disposition and Development Agreement with the City of Burlingame.

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 \$6,022 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.