

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2020 First Round

June 17, 2020

San Mateo Place, located on 3009 and 3017 Middlefield Road in Redwood City, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$6,445,200 in total state tax credits to finance the new construction of 84 units of housing serving seniors with rents affordable to households earning 30% - 80% of area median income (AMI). The project will be developed by Global Premier Development, INC. and will be located in Senate District 13 and Assembly District 24.

Project Number CA-20-045

Project Name San Mateo Place
Site Address: 3009 and 3017 Middlefield Road
Redwood City, CA 94063 County: San Mateo
Census Tract: 6106.020

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$6,445,200
Recommended:	\$2,500,000	\$6,445,200

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Global Premier Development, INC.
Contact: Andrew Hanna
Address: 2010 Main Street, Suite 1250
Irvine, CA 92614
Phone: (949) 777-6931
Email: Adnrew@GlobalPremierDevelopment.com

General Partner(s) / Principal Owner(s): Global Premier Development, INC.
Living Hope Housing Foundation
General Partner Type: Joint Venture
Parent Company(ies): Global Premier Development, INC.
Living Hope Housing Foundation
Developer: Global Premier Development, INC.
Investor/Consultant: Hunt Capital Partners, LLC
Management Agent(s): WSH Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 85
No. & % of Tax Credit Units: 84 100%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: N/A

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: South and West Bay Region
 TCAC Project Analyst: Sara Dixon

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 35% AMI: 9	10%
At or Below 45% AMI: 20	20%
At or Below 50% AMI (Rural): 35	40%

Unit Mix

72 1-Bedroom Units
<u>13 2-Bedroom Units</u>
85 Total Units

<u>Unit Type & 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>
5 1 Bedroom	30%	30%	\$907
15 1 Bedroom	40%	40%	\$1,209
34 1 Bedroom	50%	50%	\$1,511
7 1 Bedroom	60%	60%	\$1,814
5 1 Bedroom	70%	70%	\$2,116
5 1 Bedroom	80%	80%	\$2,419
4 2 Bedrooms	30%	30%	\$1,088
5 2 Bedrooms	40%	40%	\$1,451
1 2 Bedrooms	50%	50%	\$1,813
1 2 Bedrooms	60%	60%	\$2,176
1 2 Bedrooms	70%	70%	\$2,539
1 2 Bedrooms	80%	80%	\$2,902
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,666,000
Construction Costs	\$28,131,576
Rehabilitation Costs	\$0
Construction Contingency	\$1,668,265
Relocation	\$0
Architectural/Engineering	\$1,580,000
Const. Interest, Perm. Financing	\$1,304,277
Legal Fees	\$75,000
Reserves	\$438,437
Other Costs	\$1,042,085
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$40,105,640

Residential

Construction Cost Per Square Foot:	\$569
Per Unit Cost:	\$471,831
True Cash Per Unit Cost*:	\$471,831

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Nano Banc - Construction Loan	\$31,026,000	Nano Banc - Permanent Loan	\$14,344,000
Tax Credit Equity	\$19,578,846	Tax Credit Equity	\$25,761,640
		TOTAL	\$40,105,640

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$35,899,203
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$35,899,203
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$6,445,200
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Hunt Capital Partners, LLC
Federal Tax Credit Factor:	\$0.85000
State Tax Credit Factor:	\$0.70000

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, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. 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:	\$35,899,203
Actual Eligible Basis:	\$35,899,203
Unadjusted Threshold Basis Limit:	\$29,249,680
Total Adjusted Threshold Basis Limit:	\$35,972,667

Adjustments to Basis Limit

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms (where no VOC adhesives or backing is used)
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all interior floor space other than units (where no VOC adhesives or backing is also used)
- For new construction projects, meet all requirements of US EPA Indoor Air Plus Program.

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First: **Seniors**
Final: **3.496%**

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 meet or 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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.24%. 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: None.

Resyndication and Resyndication Transfer Event: 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 County of San Mateo, has completed a site review of this project and strongly opposes this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed 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.

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 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 fifteen 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)(5) 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.

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 1/8 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 3/4 mile of public park or community center open to general public	2	2	2
Within 1/2 mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Senior project within 1/2 mile of daily operated senior center/facility	3	3	3
Within 1/2 mile of medical clinic or hospital	3	3	3
Within 1/2 mile of a pharmacy	2	2	0
Within 1 mile of a pharmacy	1	0	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	5	5
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	113	108	108

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.