

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2021 First Round**

**June 16, 2021**

**REVISED**

Willow Greenridge, located in South San Francisco at the addresses listed below, requested \$2,021,765 in annual federal tax credits and \$868,550 in total state tax credits but is being recommended for a reservation of \$2,100,477 in annual federal tax credits (See "**Significant Information / Additional Conditions**" below) to finance the acquisition and rehabilitation of 68 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by MidPen Housing Corporation and is located in Senate District 11 and Assembly District 19.

Greenridge is a resyndication of an existing Low Income Housing Tax Credit (LIHTC) project, Greenridge Apartments (CA-98-507). See Resyndication and Resyndication Transfer Event below for additional information.

**Project Number** CA-21-053

**Project Name** Willow Greenridge

Site Addresses:	<u>Willow Gardens Apartments</u>	<u>Greenridge Apartments</u>
	986 Nora Way	1565 El Camino Real South
	976 Sandra Court	South San Francisco, CA 94080
	344, 364, 383, 395 Susie Way	
	982, 986, 990 Brusco Way	
	South San Francisco, CA 94080	

County: San Mateo

Census Tract: 6019.01; 6018.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,021,765	\$868,550
Recommended:	\$2,100,479	\$0

**Applicant Information**

Applicant: MP Willow Greenridge Associates, L.P.

Contact: Jan M. Lindenthal

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

Phone: 650-356-2900

Email: jlindenthal@midpen-housing.org

General Partner(s) / Principal Owner(s): MP Greenridge LLC

General Partner Type: Nonprofit

Parent Company(ies): MidPen Housing Corporation

Developer: MidPen Housing Corporation

Investor/Consultant: California Housing Partnership Corporation

Management Agent(s): MidPen Property Management Corporation

**Project Information**

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	18
Total # of Units:	70
No. & % of Tax Credit Units:	68 100%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	HOME / CDBG

**Information**

Set-Aside:	N/A
Housing Type:	Large Family
Geographic Area:	South and West Bay Region
TCAC Project Analyst:	Ruben Barcelo

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 30% AMI:	10	10%
At or Below 40% AMI:	18	25%
At or Below 50% AMI:	18	25%
At or Below 60% AMI:	14	0%
At or Below 80% AMI:	8	0%

**Unit Mix**

53 2-Bedroom Units
13 3-Bedroom Units
4 4-Bedroom Units
<u>70 Total Units</u>

<b>Unit Type &amp; Number</b>	<b>2020 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
6 2 Bedrooms	30%	\$919
2 3 Bedrooms	30%	\$1,230
2 4 Bedrooms	30%	\$1,165
8 2 Bedrooms	40%	\$1,359
7 3 Bedrooms	40%	\$1,496
1 4 Bedrooms	40%	\$1,776
1 2 Bedrooms	50%	\$1,497
3 3 Bedrooms	50%	\$1,496
1 2 Bedrooms	60%	\$2,052
1 3 Bedrooms	60%	\$2,246
1 4 Bedrooms	60%	\$2,747
2 2 Bedrooms	40%	\$1,478
14 2 Bedrooms	50%	\$1,478
11 2 Bedrooms	60%	\$1,660
8 2 Bedrooms	80%	\$1,766
1 2 Bedrooms	Manager's Unit	\$0
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$28,010,000
Construction Costs	\$0
Rehabilitation Costs	\$15,515,000
Construction Contingency	\$1,887,188
Relocation	\$1,490,700
Architectural/Engineering	\$639,443
Const. Interest, Perm. Financing	\$1,749,159
Legal Fees	\$534,800
Reserves	\$575,296
Other Costs	\$1,800,473
Developer Fee	\$1,700,000
Commercial Costs	\$0
<b>Total</b>	<b>\$53,902,059</b>

**Residential**

Construction Cost Per Square Foot:	\$195
Per Unit Cost:	\$770,029
True Cash Per Unit Cost*:	\$532,092

**Construction Financing**

Source	Amount
Silicon Valley Bank Construction Loan	\$22,943,582
Seller Carryback Loan	\$16,655,653
San Mateo County AHF 7.0	\$250,000
San Mateo County CDBG	\$1,000,000
Assumed City RDA - Greenridge	\$1,070,671
Assumed City RDA - Willow	\$5,612,262
Assumed City HOME - Willow	\$1,687,153
Assumed City CDBG - Willow	\$500,000
Deferred Interest	\$971,968
Deferred Cost	\$1,486,996
GP Equity	\$100
Tax Credit Equity	\$1,723,674

**Permanent Financing**

Source	Amount
CCRC Permanent Loan	\$7,304,000
Seller Carryback Loan	\$16,655,653
San Mateo County AHF 7.0	\$250,000
San Mateo County CDBG	\$1,000,000
Assumed City RDA - Greenridge	\$1,070,671
Assumed City RDA - Willow	\$5,612,262
Assumed City HOME - Willow	\$1,687,153
Assumed City CDBG - Willow	\$500,000
Acquired Reserves (Greenridge)	\$308,506
Deferred Interest	\$971,968
GP Equity	\$100
Tax Credit Equity	\$18,541,746
<b>TOTAL</b>	<b>\$53,902,059</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$22,464,052
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$5,185,554
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$22,464,052
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$5,185,554
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$2,021,765
Maximum Annual Federal Credit, Acquisition:	\$207,422
Total Maximum Annual Federal Credit:	\$2,229,187
Approved Developer Fee in Project Cost:	\$1,700,000
Approved Developer Fee in Eligible Basis:	\$1,253,092
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.88274

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.

**Tie-Breaker Information**

First:	<b>Large Family</b>
Final:	<b>36.034%</b>

**Significant Information / Additional Conditions**

The project's cost is estimated at \$532,092 per unit. This cost is attributable to its location in the Bay Area market, the value and cost of land and improvements, the high cost of construction, and payment of prevailing wages.

This project involves the substantial rehabilitation of 19 buildings located at two scattered sites in the City of South San Francisco. Willow Gardens Apartments has existing affordability restrictions. Greenridge Apartments has existing affordability restrictions including a TCAC regulatory agreement (CA-98-507). The buildings at Willow Gardens Apartments are not contiguous and exceed the maximum amount of sites permitted by TCAC regulations. However, the applicant has requested and received a waiver pursuant to TCAC Regulation Section 10302(II).

The local government jurisdiction provided a separate utility allowance for each of the project's two sites.

The project is eligible to receive acquisition credits on the Willow Gardens site since it is not a resyndication. TCAC Regulation Section 10317(c) permits TCAC staff to revise an application's federal and state credit request when basis is reduced for reasons other than permitted. The acquisition basis was adjusted to \$5,185,554. This correction increased the annual federal credit to \$2,100,479 and decreased the state credit to \$0.

**Resyndication and Resyndication Transfer Event**

Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-98-507). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15-year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-98-507) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from the requirements under TCAC Regulation Section 10320(b)(4)(B).

**Local Reviewing Agency**

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

**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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
Negative Points		0	0
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ½ mile of transit, service every 30 minutes in rush hours	6	6	6
Within ½ mile of public park or community center open to general public	3	3	3
Within ¼ mile of a neighborhood market of at least 5,000 sf	4	4	4
Within 1 mile of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES</b>			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**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.**