

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

August 11, 2021

Kiku Crossing, located at 480 East 4th Avenue and 400 East 5th Avenue in San Mateo, requested and is being recommended for a reservation of \$7,431,357 in annual federal tax credits to finance the new construction of 223 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 will be located in Senate District 13 and Assembly District 22.

Kiku Crossing will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the MIP through CalHFA.

Project Number CA-21-576

Project Name Kiku Crossing
Site Address: 480 East 4th Avenue and 400 East 5th Avenue
San Mateo, CA 94401 County: San Mateo
Census Tract: 6063.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$7,431,357	\$0
Recommended:	\$7,431,357	\$0

Applicant Information

Applicant: MP Downtown San Mateo Associates, L.P.
Contact: Jan M. Lindenthal
Address: 303 Vintage Park Dr., Suite 250
Foster City, CA 94404
Phone: (650) 356-2900
Email: jlindenthal@midpen-housing.org

General Partner(s) or Principal Owner(s):	MP Downtown San Mateo, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Mid-Peninsula Baker Park, Inc.
Developer:	MidPen Housing Corporation
Bond Issuer:	California Housing Finance Agency
Investor/Consultant:	California Housing Partnership
Management Agent:	MidPen Property Management Company

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	225
No. / % of Low Income Units:	223 100.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax Exempt / HUD Section 8 Project-based Vouchers (80 units - 36%)

Information

Housing Type: Large Family
 Geographic Area: South and West Bay Region
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	43	19%
40% AMI:	23	10%
50% AMI:	39	17%
60% AMI:	16	7%
70% AMI:	47	21%
80% AMI:	55	25%

Unit Mix

66 SRO/Studio Units
41 1-Bedroom Units
59 2-Bedroom Units
59 3-Bedroom Units
225 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
26 SRO/Studio	30%	\$751
10 SRO/Studio	40%	\$1,278
25 SRO/Studio	50%	\$1,598
5 SRO/Studio	60%	\$1,917
7 1 Bedroom	30%	\$859
1 1 Bedroom	40%	\$1,370
4 1 Bedroom	50%	\$1,713
15 1 Bedroom	70%	\$2,041
14 1 Bedroom	80%	\$2,041
2 2 Bedrooms	30%	\$966
2 2 Bedrooms	30%	\$1,233
2 2 Bedrooms	40%	\$1,644
2 2 Bedrooms	50%	\$2,056
6 2 Bedrooms	60%	\$2,467
19 2 Bedrooms	70%	\$2,878
24 2 Bedrooms	80%	\$3,035
6 3 Bedrooms	30%	\$1,425
10 3 Bedrooms	40%	\$1,900
8 3 Bedrooms	50%	\$2,375
5 3 Bedrooms	60%	\$2,850
13 3 Bedrooms	70%	\$3,049
17 3 Bedrooms	80%	\$3,049
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,718,642
Construction Costs	\$106,498,981
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$9,001,697
Soft Cost Contingency	\$601,432
Relocation	\$0
Architectural/Engineering	\$4,080,566
Const. Interest, Perm. Financing	\$11,412,714
Legal Fees	\$236,212
Reserves	\$1,446,332
Other Costs	\$7,497,970
Developer Fee	\$6,960,000
Commercial Costs	\$16,411,410
Total	\$167,865,956

Residential

Construction Cost Per Square Foot:	\$487
Per Unit Cost:	\$669,941
True Cash Per Unit Cost*:	\$661,959

Construction Financing

Source	Amount
Bank of America - tax-exempt	\$85,000,000
Bank of America - taxable	\$25,181,718
San Mateo County - AHF	\$5,185,817
San Mateo County - AHF - Interest	\$270,398
City** - Parking Funds	\$5,000,000
City** - Housing Funds	\$5,500,000
City** - Housing Funds - Interest	\$283,042
HEART LHTF Loan	\$3,800,000
HEART LHTF Loan - Interest	\$198,139
Deferred Costs	\$11,176,960
Deferred Developer Fee	\$2,000,000
Tax Credit Equity	\$24,269,882

Permanent Financing

Source	Amount
CalHFA TE Perm Bond - NOI	\$48,112,000
CalHFA TE Perm Bond - S8	\$24,719,000
CalHFA MIP Loan	\$2,000,000
San Mateo County - AHF	\$5,185,817
San Mateo County - AHF - Interest	\$270,398
City** - Parking Funds	\$5,000,000
City** - Housing Funds	\$5,500,000
City** - Housing Funds - Interest	\$283,042
HEART LHTF Loan	\$3,800,000
HEART LHTF Loan - Interest	\$198,139
Deferred Developer Fee	\$2,000,000
General Partner	\$100
Tax Credit Equity	\$70,797,460
TOTAL	\$167,865,956

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

**City of San Mateo

Determination of Credit Amount(s)

Requested Eligible Basis:	\$142,910,714
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$185,783,928
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$7,431,357
Approved Developer Fee in Project Cost:	\$6,960,000
Approved Developer Fee in Eligible Basis:	\$6,242,083
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.95269

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.

Significant Information / Additional Conditions: None.

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.

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.

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.