CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 8, 2021

Monterey and Madrone Apartments, located at 18960 Monterey Street in Morgan Hill, requested and is being recommended for a reservation of $5,531,422 in annual federal tax credits to finance the new construction of 246 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by JEMCOR Development Partners, LLC and will be located in Senate District 17 and Assembly District 17.

Project Number	CA-21-744
Project Name	Monterey and Madrone Apartments
Site Address:	18960 Monterey Street
	Morgan Hill, CA 95037 County: Santa Clara
Census Tract:	5123.11

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$5,513,422	$0
Recommended:	$5,513,422	$0

Applicant Information

Applicant:	JEMCOR Development Partners, LLC
Contact:	Jonathan Emami
Address:	1700 S. El Camino Real, Suite 400
	San Mateo, CA 94402
Phone:	415-941-5832
Email:	jemami@jemcorpartners.com

General Partner(s) or Principal Owner(s):	JS III Village at Madrone, LLC
	PacH Affordable Holdings, Inc.
General Partner Type:	Joint Venture
Parent Company(ies):	JEMCOR Development Partners, LLC
	Pacific Housing, Inc.
Developer:	JEMCOR Development Partners, LLC
Bond Issuer:	California Municipal Finance Authority
Investor/Consultant:	Boston Financial
Management Agent:	FPI Management

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	14	
Total # of Units:	249	
No. / % of Low Income Units:	246	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

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:	25	10%
50% AMI:	25	10%
60% AMI:	195	79%

Unit Mix

70	1-Bedroom Units
116	2-Bedroom Units
63	3-Bedroom Units
249	Total Units

Unit Type & Number		2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2	1 Bedroom	30%	$932
3	1 Bedroom	50%	$1,553
19	1 Bedroom	60%	$1,864
5	1 Bedroom	30%	$932
4	1 Bedroom	50%	$1,553
37	1 Bedroom	60%	$1,864
7	2 Bedrooms	30%	$1,119
7	2 Bedrooms	50%	$1,865
58	2 Bedrooms	60%	$2,238
4	2 Bedrooms	30%	$1,119
5	2 Bedrooms	50%	$1,865
32	2 Bedrooms	60%	$2,238
5	3 Bedrooms	30%	$1,292
5	3 Bedrooms	50%	$2,154
40	3 Bedrooms	60%	$2,585
1	3 Bedrooms	30%	$1,292
1	3 Bedrooms	50%	$2,154
4	3 Bedrooms	60%	$2,585
1	3 Bedrooms	30%	$1,292
5	3 Bedrooms	60%	$2,585
3	2 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$14,400,000
Construction Costs	$70,071,731
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$3,411,507
Soft Cost Contingency	$540,266
Relocation	$0
Architectural/Engineering	$2,150,525
Const. Interest, Perm. Financing	$7,926,066
Legal Fees	$120,000
Reserves	$1,282,880
Other Costs	$10,832,791
Developer Fee	$13,720,167
Commercial Costs	$0
Total	**$124,455,933**

Residential

Construction Cost Per Square Foot:	$349
Per Unit Cost:	$499,823
True Cash Per Unit Cost*:	$457,601

Construction Financing

Source	Amount
Citibank - Tax Exempt	$62,500,000
Citibank - Recycled Bonds	$15,000,000
Citibank - Taxable	$13,654,030
Lease Up Income	$778,448
Deferred Reserve Funding	$1,282,880
Deferred Developer Fee	$12,918,475
Tax Credit Equity	$18,322,100

Permanent Financing

Source	Amount
Citibank	$66,300,000
Lease Up Income	$778,448
Deferred Developer Fee	$10,513,396
Tax Credit Equity	$46,864,089
TOTAL	**$124,455,933**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$106,037,953
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$137,849,339
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	$5,513,422
Approved Developer Fee (in Project Cost & Eligible Basis):	$13,720,167
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	$0.85000

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
This Project's annual per unit operating expense total is below the TCAC published per unit operating minimums of $6,400. As allowed by TCAC Regulation Section 10327(g)(1), TCAC approves an annual per unit operating expense total of $5,440 on agreement of 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.

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.