

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2022 First Round

June 15, 2022

Bellarmino Place, located at 230, 246, 250, and 260 Grand Avenue, and 253, 245 Race Street in San Jose, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 115 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 Santa Clara County Housing Authority and will be located in Senate District 15 and Assembly District 28.

Bellarmino Place will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the NPLH program of HCD.

Project Number CA-22-001

Project Name Bellarmino Place
Site Address: 230, 246, 250, and 260 Grand Avenue, and 253, 245 Race Street
San Jose CA, 95126 County: Santa Clara
Census Tract: 5019.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

Applicant Information

Applicant: Bellarmino Place LP
Contact: Karl Lauff
Address: 505 West Julian Street
San Jose CA, 95110
Phone: (669) 214-9902
Email: Karl.Lauff@scchousingauthority.org

General Partner(s) / Principal Owner(s): Villa Garcia, Inc.
General Partner Type: Nonprofit
Parent Company(ies): Santa Clara County Housing Authority
Developer: Santa Clara County Housing Authority
Investor/Consultant: California Housing Partnership
Management Agent(s): John Stewart Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 116
No. & % of Tax Credit Units: 115 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Project Based Vouchers (53- 46%)

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: South and West Bay Region
CTCAC Project Analyst: Nick White

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>		<u>Percentage of Affordable Units</u>
At or Below 30% AMI:	53	46%
At or Below 50% AMI:	52	45%
At or Below 60% AMI:	10	8%

Unit Mix

57 1-Bedroom Units
30 2-Bedroom Units
29 3-BedroomUnits
116 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
26 1 Bedroom	30%	\$932
14 2 Bedrooms	30%	\$1,119
13 3 Bedrooms	30%	\$1,292
26 1 Bedroom	50%	\$1,553
13 2 Bedrooms	50%	\$1,865
13 3 Bedrooms	50%	\$2,154
5 1 Bedroom	60%	\$1,864
2 2 Bedrooms	60%	\$2,238
3 3 Bedrooms	60%	\$2,585
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$8,220,947
Construction Costs	\$68,152,157
Rehabilitation Costs	\$0
Construction Contingency	\$6,583,815
Relocation	\$0
Architectural/Engineering	\$2,554,766
Const. Interest, Perm. Financing	\$4,233,399
Legal Fees	\$208,146
Reserves	\$1,188,198
Other Costs	\$3,608,412
Developer Fee	\$2,200,000
Commercial Costs	\$943,577
Total	\$97,893,417

Residential

Construction Cost Per Square Foot:	\$587
Per Unit Cost:	\$835,579
True Cash Per Unit Cost*:	\$833,701

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Silicon Valley Bank	\$48,769,314	Silicon Valley Bank	\$30,475,000
Santa Clara NPLH-APC Loan	\$4,800,000	Santa Clara NPLH-APC Loan	\$4,800,000
Santa Clara Measure A Loan	\$2,912,436	Santa Clara Measure A Loan	\$2,912,436
Santa Clara HA MTW Loan	\$33,110,000	Santa Clara HA MTW Loan	\$33,110,000
Santa Clara HA DDTF Loan	\$3,003,331	Santa Clara HA DDTF Loan	\$3,003,331
Costs Deferred Until Conversion	\$2,853,571	Deferred Developer Fee	\$220,000
Deferred Developer Fee	\$220,000	Tax Credit Equity	\$23,372,650
Tax Credit Equity	\$2,224,765	TOTAL	\$97,893,417

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,367,521
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,777
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$2,177,348
Investor/Consultant:	Califorina Housing Partnership
Federal Tax Credit Factor:	\$0.93491

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:	Large Family
Final:	111.192%

Significant Information / Additional Conditions

Development costs are roughly \$835,579 per unit. The factors affecting this cost includes environmental remediation of the property's soil.

The current legal description is part of a larger site and the project site's parcel (legal description and APN) have not yet been finalized. The legal description and APN for CA-22-001 must be completed as part of the Readiness to Proceed 180/194-Day package.

Resyndication and Resyndication Transfer Event: None

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.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC 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, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, 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 CTCAC 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 CTCAC 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	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1 mile of a public high school	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	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	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	109

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.