

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2022 First Round**

**June 15, 2022**

North 40 Market Hall Senior Housing, located at 14225 Walker Street in Los Gatos, requested and is being recommended for a reservation of \$2,073,494 in annual federal tax credits to finance the new construction of 49 units of housing serving seniors with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Eden Investments Inc. and SummerHill N40 LLC, and will be located in Senate District 15 and Assembly District 28.

**Project Number** CA-22-020

**Project Name** North 40 Market Hall Senior Housing  
Site Address: 14225 Walker Street  
Los Gatos, CA 95032 County: Santa Clara  
Census Tract: 5068.010

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,073,494	\$0
Recommended:	\$2,073,494	\$0

**Applicant Information**

Applicant: Eden Investments, Inc  
Contact: Linda Mandolini  
Address: 22645 Grand Street  
Hayward, CA 94541  
Phone: 510-542-1460  
Email: lmandolini@edenhousing.org

General Partner(s) / Principal Owner(s): Eden North Forty, LLC  
General Partner Type: Nonprofit  
Parent Company(ies): Eden North Forty, LLC  
Developer: Eden Investments Inc. and SummerHill N40 LLC  
Investor/Consultant: California Housing Partnership Corporation (CHPC)  
Management Agent(s): Eden Housing Management, Inc

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 50  
No. & % of Tax Credit Units: 49 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: N/A

**Information**

Set-Aside: Nonprofit  
Housing Type: Seniors  
Geographic Area: South and West Bay Region  
CTCAC Project Analyst: Jonghyun(Tommy), Shim

**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	20%
At or Below 50% AMI:	39	40%

**Unit Mix**

49 1-Bedroom Units
1 2-Bedroom Units
<b>50 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2021 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
10 1 Bedroom	30%	\$932
39 1 Bedroom	50%	\$1,553
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$12,749,450
Construction Costs	\$21,251,542
Rehabilitation Costs	\$0
Construction Contingency	\$83,347
Relocation	\$0
Architectural/Engineering	\$2,881,209
Const. Interest, Perm. Financing	\$3,517,396
Legal Fees	\$190,000
Reserves	\$369,900
Other Costs	\$2,472,878
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$45,715,722</b>

**Residential**

Construction Cost Per Square Foot:	\$628
Per Unit Cost:	\$914,314
True Cash Per Unit Cost*:	\$658,314

**Construction Financing**

<b>Source</b>	<b>Amount</b>
East West Bank Construction Loan	\$11,600,248
Inclusionary Contribution	\$12,048,032
Donated Land Value	\$12,000,000
Deferred Costs	\$5,854,824
Deferred Developer Fee	\$800,000
Limited Partner Contribution	\$3,412,618

**Permanent Financing**

<b>Source</b>	<b>Amount</b>
East West Bank Permanent Loan	\$3,025,000
Inclusionary Contribution	\$12,048,032
Donated Land Value	\$12,000,000
Deferred Developer Fee	\$800,000
Tax Credit Equity	\$17,842,690
<b>TOTAL</b>	<b>\$45,715,722</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$17,722,167
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$23,038,817
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,073,494
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	California Housing Partnership Corporation (CHPC)
Federal Tax Credit Factor:	\$0.86051

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>Seniors</b>
Final:	<b>56.866%</b>

**Significant Information / Additional Conditions:** None.

**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, 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 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.

<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
<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 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 a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Senior project within ½ mile of daily operated senior center/facility	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within ½ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
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
<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>
Smoke Free Residence	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.**