

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
May 10, 2023**

Eucalyptus Grove Apartments, located at 1875 California Drive in Burlingame, requested and is being recommended for a reservation of \$3,091,584 in annual federal tax credits and \$10,727,825 in total state tax credits to finance the new construction of 68 units of housing serving families with rents affordable to households earning 20%-50% of area median income (AMI). The project will be developed by CRP Affordable Housing and Community Development LLC and will be located in Senate District 13 and Assembly District 21.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from HCD's Multifamily Housing Program (MHP) and Veterans Housing and Homelessness Prevention (VHHP) programs.

Project Number CA-23-450

Project Name Eucalyptus Grove Apartments
Site Address: 1875 California Drive
Burlingame, CA 94010
County: San Mateo
Census Tract: 6050.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,091,584	\$10,727,825
Recommended:	\$3,091,584	\$10,727,825

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Allied Housing, Inc.
Contact: Jonathan White
Address: 40849 Fremont Boulevard
Fremont, CA 94538
Phone: 408-941-1851
Email: jwhite@abodeservices.org

General Partner(s) or Principal Owner(s): Eucalyptus Grove Apartments AGP LLC
Allied 1875 California LLC
General Partner Type: Joint Venture
Parent Company(ies): CRP Affordable Housing and Community Development LLC
Adobe Services
Developer: CRP Affordable Housing and Community Development LLC
Bond Issuer: California Housing Finance Agency
Investor/Consultant: Enterprise Housing Credit Investments LLC
Management Agent: John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 69
 No. / % of Low Income Units: 68 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (30 Units - 43%)

Information

Housing Type: Large Family
 Geographic Area: South and West Bay Region
 CTCAC Project Analyst: Cynthia Compton

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	23	34%
40% AMI:	16	24%
50% AMI:	29	43%

Unit Mix

7 SRO/Studio Units
 21 1-Bedroom Units
 21 2-Bedroom Units
 20 3-Bedroom Units
 0 4-Bedroom Units

 69 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
7 SRO/Studio	20%	\$652
8 1 Bedroom	50%	\$1,748
2 1 Bedroom	40%	\$1,398
6 1 Bedroom	30%	\$1,048
5 1 Bedroom	20%	\$699
10 2 Bedrooms	50%	\$2,097
5 2 Bedrooms	40%	\$1,678
3 2 Bedrooms	30%	\$1,258
3 2 Bedrooms	40%	\$1,678
4 3 Bedrooms	40%	\$1,939
2 3 Bedrooms	40%	\$1,939
2 3 Bedrooms	30%	\$1,454
11 3 Bedrooms	50%	\$2,423
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$11,189,469
Construction Costs	\$42,696,597
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,178,500
Soft Cost Contingency	\$522,773
Relocation	\$0
Architectural/Engineering	\$1,950,000
Const. Interest, Perm. Financing	\$6,574,906
Legal Fees	\$325,000
Reserves	\$958,173
Other Costs	\$3,934,016
Developer Fee	\$3,500,000
Commercial Costs	\$0
Total	\$73,829,434

Residential

Construction Cost Per Square Foot:	\$604
Per Unit Cost:	\$1,069,992
True Cash Per Unit Cost*:	\$1,051,151

Construction Financing

Source	Amount
Citibank: Tax-Exempt	\$37,774,909
Citibank: Taxable	\$15,687,922
City of Burlingame	\$1,432,138
County of San Mateo	\$5,698,107
Deferred Costs	\$4,233,173
Federal Tax Credit Equity	\$6,723,522
State Tax Credit Equity	\$2,279,663

Permanent Financing

Source	Amount
Citibank: Tax-Exempt	\$7,386,448
City of Burlingame	\$1,432,138
County of San Mateo	\$5,698,107
VHHP HCD	\$7,000,000
MHP HCD	\$15,000,000
Deferred Developer Fee	\$1,300,000
Tax Credit Equity	\$36,012,741
TOTAL	\$73,829,434

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$59,453,535
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$77,289,596
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,091,584
Total State Credit:	\$10,727,825
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	Credit Investments LLC
Federal Tax Credit Factor:	\$0.86991
State 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

Development costs are roughly \$1,051,151 per unit. The main factor affecting the cost is the price of real estate in the area. They are also paying prevailing wages which adds more costs to the construction.

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.

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 reservation 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.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).