

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

Belmont Family Apartments, located at 800-803 Belmont Avenue in Belmont, requested and is being recommended for a reservation of \$5,707,459 in annual federal tax credits and \$32,921,993 in total state tax credits to finance the new construction of 124 units of housing serving families with rents affordable to households earning 30%-70% of area median income (AMI). The project will be developed by ROEM Development Corporation and will be located in Senate District 21 and Assembly District 13.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and HUD-VASH Project-based Vouchers.

Project Number CA-23-488

Project Name Belmont Family Apartments
Site Address: 800-803 Belmont Avenue
Belmont, CA 94002
County: San Mateo
Census Tract: 6087.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$5,707,459	\$32,921,993
Recommended:	\$5,707,459	\$32,921,993

* The applicant made an election to sell (Certificate) all or any portion of the state credits 0

Applicant Information

Applicant: ROEM West, LLC
Contact: Lucky Bhardwaj
Address: 1650 Lafayette St.
Santa Clara, CA 95050
Phone: (408) 984-5600
Email: lbhardwaj@roemcorp.com

General Partner(s) or Principal Owner(s): PACH San Jose Holdings, LLC
ROEM Belmont Family Apartments, LLC
General Partner Type: Joint Venture
Parent Company(ies): Pacific Housing, Inc.
Developer: ROEM Development Corporation
Bond Issuer: California Statewide Communities
Investor/Consultant: R4 Capital
Management Agent: FPI Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 125
No. / % of Low Income Units: 124 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (42 Units - 34%) / HUD-VASH Project-based Vouchers (20 Units - 16%)

Information

Housing Type: Large Family
 Geographic Area: South and West Bay Region
 CTCAC Project Analyst: Chris Saenz

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	47	38%
50% AMI:	15	12%
60% AMI:	54	44%
70% AMI:	8	6%

Unit Mix

52 1-Bedroom Units
40 2-Bedroom Units
33 3-Bedroom Units
<u>125 Total Units</u>

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
5 1 Bedroom	30%	\$1,048
14 1 Bedroom	50%	\$1,748
29 1 Bedroom	60%	\$2,097
4 1 Bedroom	70%	\$2,447
13 2 Bedrooms	30%	\$1,258
1 2 Bedrooms	50%	\$2,097
22 2 Bedrooms	60%	\$2,516
4 2 Bedrooms	70%	\$2,936
29 3 Bedrooms	30%	\$1,454
3 3 Bedrooms	60%	\$2,908
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$14,359,424
Construction Costs	\$88,336,406
Construction Hard Cost Contingency	\$0
Soft Cost Contingency	\$531,059
Architectural/Engineering	\$1,967,892
Const. Interest, Perm. Financing	\$13,018,094
Legal Fees	\$290,500
Reserves	\$923,694
Other Costs	\$5,039,974
Developer Fee	\$5,600,000
Total	\$130,067,043

Residential

Construction Cost Per Square Foot:	\$853
Per Unit Cost:	\$1,040,536
True Cash Per Unit Cost*:	\$1,001,525

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank - Tax Exempt	\$63,920,895	Citibank	\$32,500,000
Citibank - Bond Cap	\$4,344,139	Lease-Up NOI	\$364,282
Citibank - Taxable Tail	\$23,348,763	HASMC AHF ¹	\$9,500,000
Lease-Up NOI	\$364,282	Moving to Work Funds	\$4,400,000
HASMC AHF ¹	\$9,500,000	City of Belmont	\$2,500,000
Moving to Work Funds	\$4,400,000	Deferred Developer Fee	\$4,876,411
City of Belmont	\$2,500,000	Tax Credit Equity	\$75,926,350
Deferred Developer Fee	\$5,580,000	TOTAL	\$130,067,043
Deferred Reserve Funding	\$923,694		
Tax Credit Equity	\$15,185,270		

¹Housing Authority of the County of San Mateo - Affordable Housing Funds (HASMC-AHF)

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$109,758,820
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$142,686,466
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$5,707,459
Total State Credit:	\$32,921,993
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,600,000
Investor/Consultant:	R4 Capital
Federal Tax Credit Factor:	\$0.84000
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: 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.

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).