

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2024 First Round**

**May 15, 2024**

Oak Gardens, located at 795 Willow Road in Menlo Park, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$3,247,634 in total state tax credits to finance the new construction of 60 units of housing serving special needs tenants with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by MidPen Housing Corporation and will be located in Senate District 13 and Assembly District 23.

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

**Project Number** CA-24-059

**Project Name** Oak Gardens  
**Site Address:** 795 Willow Road  
Menlo Park, CA 94025  
**County:** San Mateo  
**Census Tract:** 6139.

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,500,000	\$3,247,634
Recommended:	\$2,500,000	\$3,247,634

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

**Applicant Information**

**Applicant:** MidPen Housing Corporation  
**Contact:** Matthew O. Franklin  
**Address:** 303 Vintage Drive, Suite 250  
Foster City, CA 94404  
**Phone:** 650-356-2903  
**Email:** mfranklin@midpen-housing.org

**General Partner(s) / Principal Owner(s):** MP Oak Gardens LLC  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** Mid-Peninsula Half Moon Bay, Inc.  
**Developer:** MidPen Housing Corporation  
**Investor/Consultant:** California Housing Partnership  
**Management Agent(s):** MidPen Property Management Corporation

**Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 1  
**Total # of Units:** 62  
**No. & % of Tax Credit Units:** 60 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** HUD Section 8 Project-based Vouchers (35 Units - 58%)

**Information**

Set-Aside: Nonprofit (Homeless assistance)  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless Veterans  
 Average Targeted Affordability of Special Needs Project Units: 39.80%  
 % of Special Need Units: 55 units 91.67%  
 Geographic Area: South and West Bay Region  
 CTCAC Project Analyst: Dylan Hervey

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AMI:	28	45%
At or Below 40% AMI:	4	5%
At or Below 50% AMI:	28	40%

**Unit Mix**

55 1-Bedroom Units
5 2-Bedroom Units
2 3-Bedroom Units
<u>62 Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
18 1 Bedroom	30%	\$1,045
8 1 Bedroom	30%	\$1,045
3 1 Bedroom	40%	\$1,394
25 1 Bedroom	50%	\$1,742
1 2 Bedrooms	30%	\$1,254
1 2 Bedrooms	40%	\$1,673
2 2 Bedrooms	50%	\$2,091
1 3 Bedrooms	30%	\$1,449
1 3 Bedrooms	50%	\$2,415
1 1 Bedroom	Manager's Unit	\$0
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$8,369,819
Construction Costs	\$33,809,812
Rehabilitation Costs	\$0
Construction Contingency	\$2,199,281
Relocation	\$0
Architectural/Engineering	\$1,899,033
Const. Interest, Perm. Financing	\$4,807,782
Legal Fees	\$378,925
Reserves	\$534,570
Other Costs	\$1,906,122
Developer Fee	\$2,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$56,405,344</b>

**Residential**

Construction Cost Per Square Foot:	\$647
Per Unit Cost:	\$909,764
True Cash Per Unit Cost*:	\$789,764

<b>Construction Financing</b>	
Source	Amount
Silicon Valley Bank	\$33,179,444
HTSV <sup>1</sup>	\$2,609,000
County of San Mateo	\$4,000,000
City of Menlo Park	\$2,000,000
FHLB-SF AHP <sup>3</sup>	\$1,000,000
Donated Land - VA <sup>4</sup>	\$7,440,000
Deferred Costs	\$2,342,970
Tax Credit Equity	\$3,833,930

<b>Permanent Financing</b>	
Source	Amount
HTSV <sup>1</sup>	\$2,609,000
HCD - VHHP <sup>2</sup>	\$12,833,477
County of San Mateo	\$4,000,000
City of Menlo Park	\$2,000,000
FHLB-SF AHP <sup>3</sup>	\$1,000,000
Donated Land - VA <sup>4</sup>	\$7,440,000
Tax Credit Equity	\$26,522,867
<b>TOTAL</b>	<b>\$56,405,344</b>

<sup>1</sup>The Housing Trust of Silicon Valley (HTSV)

<sup>2</sup>Housing and Community Development (HCD) - Veterans Housing and Homelessness Prevention (VHHP)

<sup>3</sup>Federal Home Loan Bank of San Francisco (FHLB-SF) - Affordable Housing Program (AHP)

<sup>4</sup>United States of America (Department of Veterans Affairs)

\*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%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$3,247,634
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.95309
State Tax Credit Factor:	\$0.83000

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>Special Needs</b>
Self-Score Final:	<b>94.123%</b>
CTCAC Final:	<b>94.123%</b>

**Significant Information / Additional Conditions**

Staff noted a per unit development cost of \$789,764, The applicant noted that the per unit cost is attributed to offsite costs such as landscaping, utilities, and a fire access road.

**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 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 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/4 mile of a neighborhood market of at least 5,000 sf	4	4	4
Special Needs project within 1/2 mile of facility serving tenant population	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within 1/2 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>SPECIAL NEEDS, SRO HOUSING TYPES</b>			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 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>
State Credit Substitution	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.**