

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 Second Round

October 2, 2024

Cherry Street Commons, located at 1244 Cherry Street in San Carlos, requested and is being recommended for a reservation of \$2,085,934 in annual federal tax credits to finance the new construction of 32 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Eden Housing, Inc. and will be located in Senate District 13 and Assembly District 21.

The project financing includes state funding from the Infill Infrastructure Grant (IIG) program of HCD.

Project Number CA-24-085

Project Name Cherry Street Commons

Site Address: 1244 Cherry Street
San Carlos, CA 94070

County: San Mateo

Census Tract: 6092.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,085,934	\$0
Recommended:	\$2,085,934	\$0

Applicant Information

Applicant: Cherry Street Commons L.P.

Contact: Andrea Osgood

Address: 22645 Grand Street
Hayward, CA 94541

Phone: 510-247-8103

Email: aosgood@edenhousing.org

General Partner(s) / Principal Owner(s): Eden Cherry Street, LLC
HIP Housing Development Corporation

General Partner Type: Nonprofit

Parent Company(ies): Eden Investments, Inc.
HIP Housing Development Corporation

Developer: Eden Housing, Inc.

Investor/Consultant: California Housing Partnership

Management Agent(s): Eden Housing Management, Inc.

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 33

No. & % of Tax Credit Units: 32 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: None.

Information

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

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:	10	30%
At or Below 50% AMI:	11	30%
At or Below 60% AMI:	11	30%

Unit Mix

15 1-Bedroom Units
9 2-Bedroom Units
9 3-Bedroom Units
<u>33 Total Units</u>

<u>Unit Type & Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 1 Bedroom	30%	\$1,101
2 2 Bedrooms	30%	\$1,322
2 3 Bedrooms	30%	\$1,527
6 1 Bedroom	50%	\$1,836
2 2 Bedrooms	50%	\$2,203
3 3 Bedrooms	50%	\$2,545
3 1 Bedroom	60%	\$2,203
4 2 Bedrooms	60%	\$2,644
4 3 Bedrooms	60%	\$3,054
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,011,400
Construction Costs	\$21,165,885
Rehabilitation Costs	\$0
Construction Contingency	\$1,560,827
Relocation	\$600,000
Architectural/Engineering	\$1,560,574
Const. Interest, Perm. Financing	\$3,324,931
Legal Fees	\$160,000
Reserves	\$158,462
Other Costs	\$1,337,595
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$38,379,674

Residential

Construction Cost Per Square Foot:	\$658
Per Unit Cost:	\$1,163,020
True Cash Per Unit Cost*:	\$1,116,354

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank	\$17,740,814	US Bank	\$2,783,000
HCD: IIG	\$2,575,644	HCD: IIG	\$2,575,644
City of San Carlos	\$12,860,000	City of San Carlos	\$12,860,000
Seller Carryback	\$1,540,000	Seller Carryback	\$1,540,000
Deferred Costs	\$1,936,563	Tax Credit Equity	\$18,621,030
Tax Equity Credit	\$1,726,653	TOTAL	\$38,379,674

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$17,828,496
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$23,177,045
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,085,934
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.89270

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
Self-Score Final:	86.992%
CTCAC Final:	86.770%

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$1,116,354. The applicant noted that factors impacting the per unit cost include a requirement for Type IIIA construction, vapor barrier installation, enhanced design and building elements required by the City, and prevailing wage requirements.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of San Carlos, has completed a site review of this project and strongly supports this project.

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.

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 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 1/2 mile of public library	3	3	3
Within 1/2 mile of a weekly farmers' market operating at least 5 months/year	2	2	2
Within 1/2 mile of a public middle school	3	3	3
Within 1/2 mile of a pharmacy	2	2	2
Highest or High Resource Area	8	8	8
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. 84 hrs/yr instruction	7	7	7
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 REAPPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.