

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 Second Round

October 2, 2024

Hill Street, located at 876, 884, 898, and 900 El Camino Real in Belmont, requested and is being recommended for a reservation of \$2,014,263 in annual federal tax credits to finance the new construction of 36 units of housing serving families with rents affordable to households earning 30%-80% of area median income (AMI). The project will be developed by Linc Housing Corporation 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.

Project Number CA-24-103

Project Name Hill Street
Site Address: 876, 884, 898, and 900 El Camino Real
Belmont, CA 94002
County: San Mateo
Census Tract: 6087

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,014,263	\$0
Recommended:	\$2,014,263	\$0

Applicant Information

Applicant: Linc Housing Corporation
Contact: Cecilia Ngo
Address: 3590 Elm Avenue
Long Beach, CA 90807
Phone: (562)564-1134
Email: cngo@linchousing.org

General Partner(s) / Principal Owner(s): LINC-Hill Street, LLC
General Partner Type: Nonprofit
Parent Company(ies): Linc Housing Corporation
Developer: Linc Housing Corporation
Investor/Consultant: Enterprise
Management Agent(s): WinnResidential

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 37
No. & % of Tax Credit Units: 36 100%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: HOME / CDBG / HUD Section 8 Project-based Vouchers (18 Units - 49%)

Information

Set-Aside: Nonprofit (Homeless assistance)
Housing Type: Large Family
Geographic Area: N/A
CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percent of Required Affordable Units
At or Below 30% AMI:	22	60%
At or Below 70% AMI:	7	15%
At or Below 80% AMI:	7	15%

Unit Mix

18 1-Bedroom Units
9 2-Bedroom Units
10 3-Bedroom Units
<u>37 Total Units</u>

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
18 1 Bedroom	30%	\$1,101
2 2 Bedrooms	30%	\$1,322
2 3 Bedrooms	30%	\$1,527
7 2 Bedrooms	70%	\$3,085
7 3 Bedrooms	80%	\$4,073
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,994,879
Construction Costs	\$26,510,274
Rehabilitation Costs	\$0
Construction Contingency	\$1,772,744
Relocation	\$0
Architectural/Engineering	\$1,650,000
Const. Interest, Perm. Financing	\$3,418,537
Legal Fees	\$170,000
Reserves	\$540,088
Other Costs	\$2,924,426
Developer Fee	\$2,800,000
Commercial Costs	\$0
Total	\$44,780,948

Residential

Construction Cost Per Square Foot:	\$538
Per Unit Cost:	\$1,210,296
True Cash Per Unit Cost*:	\$1,075,161

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo	\$22,047,526	CCRC	\$6,204,000
Housing Trust of Silicon Valley	\$1,784,500	Housing Trust of Silicon Valley	\$1,784,500
County of San Mateo: AHF R.12	\$7,000,000	County of San Mateo: AHF R.12	\$7,000,000
County of San Mateo: HOME	\$1,994,000	County of San Mateo: HOME	\$1,994,000
County of San Mateo: AHF ¹	\$1,900,000	County of San Mateo: AHF ¹	\$1,900,000
City of Belmont	\$1,000,000	City of Belmont	\$1,000,000
City of Belmont: Land Donation	\$4,000,000	City of Belmont: Land Donation	\$4,000,000
FHLB: AHP	\$540,000	FHLB: AHP	\$540,000
Deferred Costs	\$1,740,988	Deferred Developer Fee	\$1,000,000
Deferred Developer Fee	\$1,000,000	General Partner Equity	\$100
General Partner Equity	\$100	Tax Credit Equity	\$19,358,348
Tax Credit Equity	\$1,773,835	TOTAL	\$44,780,948

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

¹County of San Mateo AHF R.6 & 7

Determination of Credit Amount(s)

Requested Eligible Basis:	\$17,215,921
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$22,380,697
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,014,263
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,800,000
Investor/Consultant:	Enterprise
Federal Tax Credit Factor:	\$0.96106

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:	94.758%
CTCAC Final:	93.532%

Significant Information / Additional Conditions

Staff noted a development cost of \$1,075,161 per unit. The applicant noted that the per unit cost is attributed to high costs associated with the Bay Area, building design factors, and prevailing wages.

The project will restrict 18 (50%) of the units to serve special needs tenants, consisting of homeless individuals and persons with physical, mental, and developmental disabilities.

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.

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 a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
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. 60 hrs/yr instruction	5	5	5
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
State Credit Substitution	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 RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.