

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
 CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE  
 Project Staff Report  
 Qualified Private Activity Tax-Exempt Bond Project  
 December 11, 2024**

Downtown Library Mixed Use Project, located at 119 Lincoln Street in Santa Cruz on a 1.54 acre site, requested and is being recommended for a reservation of \$5,113,870 in annual federal tax credits and \$55,616,938 of tax-exempt bond cap to finance the new construction of 124 units of housing, consisting of 123 restricted rental units and 1 unrestricted manager's unit. The project will have 11 studio units, 50 one-bedroom units, 32 two-bedroom units, and 31 three-bedroom units, serving families with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in June 2025 and be completed in November 2027. The project will be developed by For the Future Housing, Inc. and will be located in Senate District 17 and Assembly District 28.

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 Affordable Housing and Sustainable Communities (AHSC) program of HCD.

**Project Number** CA-24-628

**Project Name** Downtown Library Mixed Use Project  
 Site Address: 119 Lincoln Street  
 Santa Cruz, CA 95060  
 County: Santa Cruz  
 Census Tract: 1010.02

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$5,113,870	\$0
Recommended:	\$5,113,870	\$0

**Tax-Exempt Bond Allocation**  
 Recommended: \$55,616,938

**CTCAC Applicant Information**  
 CTCAC Applicant/CDLAC Sponsor: DTLMU Investors, L.P.  
 Contact: Andrea Osgood  
 Address: 22645 Grand Street  
 Hayward, CA 94541  
 Phone: 510-247-8103  
 Email: aosgood@edenhousing.org

**Bond Financing Information**  
 CDLAC Applicant/Bond Issuer: California Municipal Finance Authority  
 Bond Counsel: Jones Hall, A Professional Law Corporation  
 Private Placement Purchaser: JPMorgan Chase Bank, NA

**Development Team**

General Partner(s) or Principal Owner(s): Eden DTLMU, LLC  
 FTF DTLMU, LLC

General Partner Type: Joint Venture

Parent Company(ies): For the Future Housing, Inc.

Developer: For the Future Housing, Inc.

Investor/Consultant: California Housing Partnership

Management Agent: Eden Housing Management, Inc.

**Project Information**

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 124

No. / % of Low Income Units: 123 100.00%

Average Targeted Affordability: 49.02%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: Tax Exempt / HOME / Affordable Housing Trust Fund (AHTF) / Local Housing Trust Fund (LHTF) / HUD Section 8 Project-Based Vouchers (31 Units - 25%)

**Information**

Housing Type: Large Family

Geographic Area: Central Coast Region

State Ceiling Pool: New Construction

Set Aside: Extremely Low/Very Low Income Set Aside

CDLAC Project Analyst: Anthony Wey

CTCAC Project Analyst: Dianne Myers

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	19	15%
40% AMI:	19	15%
50% AMI:	40	33%
60% AMI:	45	37%

**Unit Mix**

11 SRO/Studio Units
50 1-Bedroom Units
32 2-Bedroom Units
31 3-Bedroom Units
<b>124 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2024 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
1 SRO/Studio	30%	\$951
1 SRO/Studio	40%	\$1,268
4 SRO/Studio	50%	\$1,585
5 SRO/Studio	60%	\$1,902
8 1 Bedroom	30%	\$1,018
3 1 Bedroom	40%	\$1,358
7 1 Bedroom	40%	\$1,358
16 1 Bedroom	50%	\$1,698
16 1 Bedroom	60%	\$2,037
5 2 Bedrooms	30%	\$1,222
1 2 Bedrooms	40%	\$1,630
3 2 Bedrooms	40%	\$1,630
10 2 Bedrooms	50%	\$2,037
12 2 Bedrooms	60%	\$2,445
5 3 Bedrooms	30%	\$1,412
1 3 Bedrooms	40%	\$1,883
3 3 Bedrooms	40%	\$1,883
10 3 Bedrooms	50%	\$2,354
12 3 Bedrooms	60%	\$2,825
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,576,694
Construction Costs	\$65,783,770
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,786,561
Soft Cost Contingency	\$509,409
Relocation	\$0
Architectural/Engineering	\$2,220,000
Const. Interest, Perm. Financing	\$16,917,660
Legal Fees	\$190,000
Reserves	\$966,017
Other Costs	\$4,954,832
Developer Fee	\$12,827,432
Commercial Costs	\$0
<b>Total</b>	<b>\$110,732,375</b>

## Residential

Construction Cost Per Square Foot:	\$518
Per Unit Cost:	\$893,003
Estimated Hard Per Unit Cost:	\$479,085
True Cash Per Unit Cost*:	\$809,717
Bond Allocation Per Unit:	\$448,524
Bond Allocation Per Restricted Rental Unit:	\$452,170

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Chase Bank: Tax-Exempt	\$55,616,938	Chase Bank: Tax-Exempt	\$22,596,000
Chase Bank: Taxable	\$30,420,259	City of Santa Cruz: AHTF	\$1,750,000
City of Santa Cruz: AHTF	\$1,750,000	City of Santa Cruz: LHTF	\$3,805,000
City of Santa Cruz: LHTF	\$3,805,000	City of Santa Cruz: HOME	\$1,700,621
City of Santa Cruz: HOME	\$1,700,621	HCD: AHSC	\$22,500,000
Deferred Cost	\$2,557,817	Sponsor Loan: CCCE <sup>1</sup>	\$240,000
Deferred Developer Fee	\$10,327,432	Deferred Developer Fee	\$10,327,432
Tax Credit Equity	\$4,554,308	Tax Credit Equity	\$47,813,322
		<b>TOTAL</b>	<b>\$110,732,375</b>

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

<sup>1</sup>Central Coast Community Energy Grant

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$98,343,649
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$127,846,744
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$5,113,870
Approved Developer Fee (in Project Cost & Eligible Basis):	\$12,827,432
Federal Tax Credit Factor:	\$0.93497

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.

### CTCAC Significant Information / Additional Conditions:

The project is currently made up of 3 parcels. Prior to building permit issuance, a lot merger or lot line adjustment will be recorded to create a single parcel. The legal description and APN must be completed as part of the placed in service package.

**CDLAC Analyst Comments:** 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).

<b>Point Criteria</b>	<b>New Const. Max. Points</b>	<b>Rehabilitation Max. Points</b>	<b>Points Scored</b>
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	10
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
<b>Total Points</b>	120	110	120

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

**Tie Breaker:** 151.501%