

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2018 First Round
June 13, 2018

Guadalupe Court Apartments Project, located at 4202 11th Street in Guadalupe, requested and is being recommended for a reservation of \$1,173,669 in annual federal tax credits and \$3,912,219 in total state tax credits to finance the new construction of 37 units of housing serving large families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Peoples' Self-Help Housing Corporation and will be located in Senate District 19 and Assembly District 35.

The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

Project Number CA-18-019

Project Name Guadalupe Court Apartments Project
Site Address: 4202 11th Street
Guadalupe, CA 93434 County: Santa Barbara
Census Tract: 25.020

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,173,669	\$3,912,219
Recommended:	\$1,173,669	\$3,912,219

* The applicant made an irrevocable election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Peoples' Self-Help Housing Corporation
Contact: Mark Wilson
Address: 3533 Empleo Street
San Luis Obispo, CA 93401
Phone: 805-540-2460
Email: markw@pshhc.org

General Partner(s) / Principal Owner(s): Peoples' Self-Help Housing Corporation
General Partner Type: Nonprofit
Parent Company(ies): Peoples' Self-Help Housing Corporation
Developer: Peoples' Self-Help Housing Corporation
Investor/Consultant: Community Economics
Management Agent(s): The Duncan Group

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 3
 Total # of Units: 38
 No. & % of Tax Credit Units: 37 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: USDA RHS 514 / USDA RHS 521 Rental Subsidy (97% / 37 Units)
 Utility Allowance: CUAC

Information

Set-Aside: Rural apportionment (Section 514)
 Housing Type: Large Family
 Geographic Area: N/A
 TCAC Project Analyst: Carmen Doonan

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 4	10%
At or Below 45% AMI: 6	15%
At or Below 50% AMI (Rural): 19	50%
At or Below 60% AMI: 8	20%

Unit Mix

4 1-Bedroom Units
 22 2-Bedroom Units
12 3-BedroomUnits
 38 Total Units

<u>Unit Type & Number</u>	<u>2017 Rents Targeted % of Area Median Income</u>	<u>2017 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	45%	45%	\$758
2 1 Bedroom	50%	50%	\$842
1 1 Bedroom	60%	60%	\$1,011
2 2 Bedrooms	30%	30%	\$607
4 2 Bedrooms	45%	45%	\$910
10 2 Bedrooms	50%	50%	\$1,012
5 2 Bedrooms	60%	60%	\$1,214
2 3 Bedrooms	30%	30%	\$701
2 3 Bedrooms	40%	40%	\$935
7 3 Bedrooms	50%	50%	\$1,169
1 3 Bedrooms	60%	60%	\$1,403
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$17,371,200

Project Cost Summary at Application

Land and Acquisition	\$1,012,380
Construction Costs	\$11,984,779
Rehabilitation Costs	\$0
Construction Contingency	\$603,630
Relocation	\$0
Architectural/Engineering	\$549,178
Const. Interest, Perm. Financing	\$1,058,028
Legal Fees, Appraisals	\$60,000
Reserves	\$153,227
Other Costs	\$1,428,122
Developer Fee	\$1,400,000
Commercial Costs	\$0
Total	\$18,249,344

Residential

Construction Cost Per Square Foot:	\$333
Per Unit Cost:	\$480,246
True Cash Per Unit Cost*:	\$480,246

Construction Financing

Source	Amount
Chase	\$16,211,453
NeighborWorks America	\$213,333
General Partner Equity	\$100
Tax Credit Equity	\$603,731

Permanent Financing

Source	Amount
CCRC Tranche B	\$3,000,000
USDA Section 514	\$1,523,600
NeighborWorks America	\$213,333
General Partner Equity	\$100
Tax Credit Equity	\$13,512,311
TOTAL	\$18,249,344

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$13,040,762
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$13,040,762
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$1,173,669
Total State Credit:	\$3,912,219
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.95000
State Tax Credit Factor:	\$0.60387

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.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$13,040,762
Actual Eligible Basis:	\$16,568,967
Unadjusted Threshold Basis Limit:	\$12,658,372
Total Adjusted Threshold Basis Limit:	\$14,606,279

Adjustments to Basis Limit

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Project has onsite renewable generation estimated to produce 50% or more of annual tenant electricity use as indicated in TCAC Regulations.
- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.
- For new construction projects, meet all requirements of US EPA Indoor Air Plus Program.

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Final:	29.540%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.25%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Significant Information / Additional Conditions:

Staff noted that the preliminary architectural drawings lacks detailed description of the play area. The applicant is cautioned that outdoor play/recreational space must be equipped with reasonable play equipment for the size of the project, and the surface must be natural or synthetic protective material pursuant to TCAC Regulation section 10325(g)(1)(D).

Resyndication and Resyndication Transfer Event: None.

Legal Status

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

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.

TCAC 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 TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC 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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC 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 TCAC 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 points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. 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	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit station or public bus stop	3	3	3
Within 1 mile of public park or community center open to general public	3	3	3
Within 2 miles of public library	2	2	2
Within 1 mile of a neighborhood market of at least 5,000 sf	3	3	3
Within ½ mile of a public elementary school	3	3	3
Within ½ mile of a pharmacy	2	2	2
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
Other Services Specialist, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: LEED	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	113	113	113

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.