CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
July 18, 2018

Sequoia Commons, located at the Southwest corner of Riggin Avenue and Road 76 in Goshen, requested and is being recommended for a reservation of $631,369 in annual federal tax credits to finance the new construction of 65 units of housing serving large families with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Self-Help Enterprises and will be located in Senate District 14 and Assembly District 26.

The project financing includes state funding from the AHSC program of HCD.

Project Number CA-18-607

Project Name Sequoia Commons
Site Address: Southwest corner of Riggin Avenue and Road 76
Goshen, CA 93277 County: Tulare
Census Tract: 9.00

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$631,369	$0
Recommended:	$631,369	$0

Applicant Information
Applicant: Self-Help Enterprises
Contact: Betsy McGovern-Garcia
Address: 8445 W. Elowin Court
Visalia, CA 93291
Phone: (559) 802-1653
Email: betsyg@selfhelpenterprises.org

General Partner(s) or Principal Owner(s): Self-Help Enterprises
General Partner Type: Nonprofit
Parent Company(ies): Self-Help Enterprises
Developer: Self-Help Enterprises
Investor/Consultant: Community Economics, Inc.
Management Agent: A.W.I. Property Management

Project Information
Construction Type: New Construction
Total # Residential Buildings: 11
Total # of Units: 66
No. / % of Low Income Units: 65 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HOME

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	December 1, 2018

Information

Housing Type:	Large Family
Geographic Area:	Central Valley Region
TCAC Project Analyst:	Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
At or Below 35% AMI:	19	29%
At or Below 50% AMI:	46	71%

Unit Mix

22	1-Bedroom Units
22	2-Bedroom Units
22	3-Bedroom Units
66	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
5	1 Bedroom	30%	30%	$331
4	1 Bedroom	45%	44%	$497
13	1 Bedroom	50%	49%	$553
5	2 Bedrooms	30%	30%	$397
2	2 Bedrooms	35%	35%	$464
8	2 Bedrooms	45%	44%	$596
7	2 Bedrooms	50%	49%	$663
4	3 Bedrooms	30%	30%	$459
3	3 Bedrooms	35%	35%	$536
11	3 Bedrooms	45%	44%	$689
3	3 Bedrooms	50%	49%	$766
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

TCAC-confirmed Projected Lifetime Rent Benefit: $17,329,620

Project Cost Summary at Application

Land and Acquisition	$350,000
Construction Costs	$14,494,443
Rehabilitation Costs	$0
Construction Contingency	$708,011
Relocation	$0
Architectural/Engineering	$725,000
Const. Interest, Perm. Financing	$727,269
Legal Fees, Appraisals	$10,000
Reserves	$154,175
Other Costs	$595,666
Developer Fee	$2,500,000
Commercial Costs	$0
Total	**$20,264,564**

Residential

Construction Cost Per Square Foot:	$232
Per Unit Cost:	$307,039
True Cash Per Unit Cost*:	$303,372

Construction Financing

Source	Amount
Wells Fargo - T.E. Bonds	$11,459,808
HCD - HOME	$4,433,718
SJVAPCD**	$391,958
General Partner Loan	$947,000
Deferred Costs	$2,512,080
Tax Credit Equity	$520,000

Permanent Financing

Source	Amount
HCD - AHSC	$8,340,236
HCD - HOME	$4,433,718
SJVAPCD**	$391,958
General Partner Loan	$947,000
General Partner Equity	$100
Deferred Developer Fee	$242,000
Tax Credit Equity	$5,909,552
TOTAL	**$20,264,564**

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee
**San Joaquin Valley Air Pollution Control District

Determination of Credit Amount(s)

Requested Eligible Basis:	$19,316,048
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	$19,316,048
Applicable Rate:	3.27%
Total Maximum Annual Federal Credit:	$631,369
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,500,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	$0.93599

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.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	$19,316,048
Actual Eligible Basis:	$19,316,048
Unadjusted Threshold Basis Limit:	$21,176,012
Total Adjusted Threshold Basis Limit:	$48,547,084

Adjustments to Basis Limit

Local Development Impact Fees

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 70%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 58%

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 3.27% of the qualified basis. 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. None.

Resyndication and Resyndication Transfer Event. None.

Local Reviewing Agency

The Local Reviewing Agency, County of Tulare Resource Management Agency, has completed a site review of this project and strongly supports this project.

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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

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 reservation 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.

CDLAC Additional Conditions

The applicant/owner is required to provide the tenants with the following service amenities free of charge for a minimum of fifteen (15) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC:

- After school program off-site within 1/2 mile for a minimum of 10 hours per week
- Instructor-led educational classes, health and wellness or skill-building classes on-site for a minimum of 84 hours per year