

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2019 Second Round

September 25, 2019

New Haven Court, located at 448 Garden Highway in Yuba City, requested and is being recommended for a reservation of \$879,614 in annual federal tax credits to finance the new construction of 39 units of housing serving special needs tenants with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 4 and Assembly District 3.

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 NPLH program of HCD and MHSA through CalHFA.

Project Number	CA-19-128
Project Name	New Haven Court
Site Address:	448 Garden Highway
	Yuba City, CA 95991
	County: Sutter
Census Tract:	503.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$879,614	\$0
Recommended:	\$879,614	\$0

Applicant Information

Applicant:	Yuba City PSH Pacific Associates, a CA LP
Contact:	Caleb Roope
Address:	430 E. State Street, Suite 100
	Eagle, ID 83616
Phone:	208.461.0022
Email:	calebr@tpchousing.com

General Partner(s) / Principal Owner(s):	TPC Holdings VII, LLC
	Sutter Community Affordable Housing
General Partner Type:	Joint Venture
Parent Company(ies):	The Pacific Companies
	Sutter Community Affordable Housing
Developer:	Pacific West Communities, Inc.
Investor/Consultant:	Boston Capital
Management Agent(s):	Aperto Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 40
 No. & % of Tax Credit Units: 39 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (39 Units / 100%) / CDBG

Information

Set-Aside: N/A
 Housing Type: Special Needs
 Type of Special Needs: Homeless and Persons with physical, mental, development disabilities
 Average Targeted Affordability of Special Needs/SRO Project Units: 39.74%
 % of Special Need Units: 39 units 100%
 Geographic Area: Capital Region
 TCAC Project Analyst: Carmen Doonan

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 4	10%
At or Below 40% AMI: 32	80%
At or Below 60% AMI: 3	5%

Unit Mix

20 SRO/Studio Units
18 1-Bedroom Units
2 2-Bedroom Units
40 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
1 SRO/Studio	30%	30%	\$349
18 SRO/Studio	40%	40%	\$466
1 SRO/Studio	50%	50%	\$582
2 1 Bedroom	30%	30%	\$374
14 1 Bedroom	40%	40%	\$499
2 1 Bedroom	50%	50%	\$623
1 2 Bedrooms	30%	30%	\$449
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$975,397
Construction Costs	\$6,744,859
Rehabilitation Costs	\$0
Construction Contingency	\$450,000
Relocation	\$0
Architectural/Engineering	\$595,000
Const. Interest, Perm. Financing	\$326,800
Legal Fees	\$50,000
Reserves	\$781,867
Other Costs	\$1,658,852
Developer Fee	\$1,578,808
Commercial Costs	\$0
Total	\$13,161,583

Residential

Construction Cost Per Square Foot:	\$300
Per Unit Cost:	\$329,040
True Cash Per Unit Cost*:	\$289,569

Construction Financing

Source	Amount
Boston Capital Finance	\$5,209,342
County of Sutter - CDBG	\$200,000
County of Sutter - Impact Fee Loan	\$103,080
RHA ¹ - Land Loan	\$560,000
RHA ¹ - MHSA Loan	\$1,547,676
RHA ¹ - HEAP ² Loan	\$690,000
RHA ¹ - Capital Loan	\$18,440
RHA ¹ - Capital Loan	\$800,000
YCSD ³ - Fee Deferral	\$54,042
Deferred Developer Fee	\$1,578,808
General Partner Deferred Cost	\$781,867
Tax Credit Equity	\$1,618,328

Permanent Financing

Source	Amount
County of Sutter - CDBG	\$200,000
County of Sutter - Fee Deferral	\$103,080
RHA ¹ - Land Loan	\$560,000
RHA ¹ - MHSA Loan	\$1,547,676
RHA ¹ - No Place Like Home	\$1,096,705
RHA ¹ - HEAP ² Loan	\$690,000
RHA ¹ - Capital Loan	\$800,000
RHA ¹ - Capital Loan	\$18,440
YCSD ³ - Fee Deferral	\$54,042
Tax Credit Equity	\$8,091,640
TOTAL	\$13,161,583

¹Regional Housing Authority²Homeless Emergency Aid Program³Yuba City School District

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$7,518,070
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$9,773,491
Applicable Rate:	9.00%
Applicable Rate:	3.30%
Total Maximum Annual Federal Credit:	\$879,614
Approved Developer Fee in Project Cost:	\$1,578,808
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.91991

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:	\$7,518,070
Actual Eligible Basis:	\$11,318,070
Unadjusted Threshold Basis Limit:	\$9,040,010
Total Adjusted Threshold Basis Limit:	\$13,056,327

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages
 100% of the Low Income Units for Special Needs Population
 Local Development Impact Fees
 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Special Needs
Final:	63.856%

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 meet or 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, 3.30%. 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:

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

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, Yuba City, 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.

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 ¼ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within 1½ miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	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.