CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 16, 2019

Del Monte Manor, located at 1466 Yosemite Street in Seaside, requested and is being recommended for a reservation of $2,798,178 in annual federal tax credits to finance the acquisition and rehabilitation of 190 units of housing serving tenants with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Terrex Development Corporation and is located in Senate District 17 and Assembly District 29.

The project will be receiving rental assistance in the form of a HUD Section 8 Project-based Contract.

Project Number CA-19-554

Project Name Del Monte Manor
Site Address: 1466 Yosemite Street
Seaside, CA 93955 County: Monterey
Census Tract: 135.00

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,798,178	$0
Recommended:	$2,798,178	$0

Applicant Information
Applicant: Seaside Housing L.P.
Contact: Matthew Locati
Address: 1043 Stuart Street, Suite 220
Lafayette, CA 94549
Phone: 925-310-4701
Email: ml@terracorpinc.com

General Partner(s) or Principal Owner(s): Del Monte Manor, LLC
Terrex-Seaside AGP, Inc.
General Partner Type: Joint Venture
Parent Company(ies): Del Monte Manor, LLC
Del Monte Manor, Inc.
Developer: Terrex Development Corporation
Investor/Consultant: Enterprise Housing Credit Investments, LLC
Management Agent: TerraCorp Financial, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	23
Total # of Units:	192
No. / % of Low Income Units:	190 100.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Contract (98 Units / 51%)

Bond Information

Issuer:	CMFA
Expected Date of Issuance:	November 29, 2019

Information

Housing Type:	Non-Targeted
Geographic Area:	Central Coast Region
TCAC Project Analyst:	Jack Waegell

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	3	2%
40% AMI:	13	7%
50% AMI:	56	29%
60% AMI:	75	39%
70% AMI:	30	16%
80% AMI:	13	7%

Average Income Project (70% and/or 80% AMI Units): 59% AMI targeted average or less is required

Unit Mix

16	SRO/Studio Units
52	1-Bedroom Units
92	2-Bedroom Units
32	3-Bedroom Units
192	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%	$471
1	1 Bedroom	30%	30%	$505
1	2 Bedrooms	30%	30%	$606
1	SRO/Studio	40%	40%	$629
1	1 Bedroom	40%	40%	$674
1	2 Bedrooms	40%	40%	$809
10	2 Bedrooms	40%	40%	$809
6	SRO/Studio	50%	50%	$786
5	1 Bedroom	50%	50%	$842
11	1 Bedroom	50%	50%	$842
23	2 Bedrooms	50%	50%	$1,011
11	3 Bedrooms	50%	50%	$1,167
2	SRO/Studio	60%	60%	$943
6	SRO/Studio	60%	60%	$943
20	1 Bedroom	60%	60%	$1,011
3	2 Bedrooms	60%	60%	$1,213
35	2 Bedrooms	60%	60%	$1,213
4	3 Bedrooms	60%	60%	$1,401
5	3 Bedrooms	60%	60%	$1,401
11	1 Bedroom	70%	70%	$1,179
12	2 Bedrooms	70%	70%	$1,415
7	3 Bedrooms	70%	70%	$1,634
3	1 Bedroom	80%	80%	$1,348
5	2 Bedrooms	80%	80%	$1,618
5	3 Bedrooms	80%	80%	$1,868
2	2 Bedrooms	Manager’s Unit	Manager’s Unit	$2,020

Project Cost Summary at Application	
Land and Acquisition	$36,020,000
Construction Costs	$0
Rehabilitation Costs	$28,264,541
Construction Hard Cost Contingency	$2,474,189
Soft Cost Contingency	$25,000
Relocation	$600,000
Architectural/Engineering	$661,778
Const. Interest, Perm. Financing	$4,197,749
Legal Fees	$64,000
Reserves	$4,481,985
Other Costs	$3,110,848
Developer Fee	$6,979,985
Commercial Costs	$0
Total	**$86,880,075**

Residential

Construction Cost Per Square Foot:	$188
Per Unit Cost:	$452,500
True Cash Per Unit Cost*:	$275,264

Construction Financing

Source	Amount
Stifel, Nicolaus & Company, Inc.	$43,999,996
Seller Carryback Loan	$24,727,696
Equity Advance Note	$526,787
General Partner Equity	$100
Tax Credit Equity	$8,607,683

Permanent Financing

Source	Amount
Stifel, Nicolaus & Company, Inc.	$22,500,000
Seller Carryback Loan	$30,063,204
Accrued Interest	$1,227,684
Construction Bond - Interest Income	$1,173,334
Equity Advance Note	$526,787
Deferred Developer Fee	$4,526,457
General Partner Equity	$100
Tax Credit Equity	$26,862,509
TOTAL	**$86,880,075**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$41,033,751
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$33,826,800
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$53,343,876
Qualified Basis (Acquisition):	$33,826,800
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$1,681,894
Maximum Annual Federal Credit, Acquisition:	$1,116,284
Total Maximum Annual Federal Credit:	$2,798,178
Approved Developer Fee (in Project Cost & Eligible Basis):	$6,979,985
Investor/Consultant:	Enterprise Housing Credit Investments, LLC
Federal Tax Credit Factor:	$0.96000

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:	$74,860,551
Actual Eligible Basis:	$74,860,551
Unadjusted Threshold Basis Limit:	$74,428,556
Total Adjusted Threshold Basis Limit:	$102,711,407

Adjustments to Basis Limit

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

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

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 3.30% 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

The reservation of tax credits is contingent upon verification by HUD of the contract renewal amounts within 120 days of the date of reservation.

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.

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 comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.