

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
January 15, 2020**

Madera Village, located near the intersection of E. Lewis Street and State Highway 99 in Madera, requested and is being recommended for a reservation of \$630,732 in annual federal tax credits and \$5,840,109 in total state tax credits to finance the new construction of 51 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 Self-Help Enterprises and will be located in Senate District 12 and Assembly District 5.

The project financing includes state funding from the NPLH and MHP program of HCD and MHSA through CalHFA.

Project Number CA-20-444

Project Name Madera Village
Site Address: Intersection of E. Lewis Street and State Highway 99
Madera, CA 93637 County: Madera
Census Tract: 5.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$630,732	\$5,840,109
Recommended:	\$630,732	\$5,840,109

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Self-Help Enterprises
Contact: Betsy McGovern-Garcia
Address: 8445 W. Elwin 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: California Housing Partnership Corporation
Management Agent: AWI Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 4
 Total # of Units: 52
 No. / % of Low Income Units: 51 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: June 1, 2020

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 32	63%
50% AMI: 9	18%
60% AMI: 10	20%

Unit Mix

20 1-Bedroom Units
 16 2-Bedroom Units
16 3-Bedroom Units
 52 Total Units

<u>Unit Type & Number</u>	<u>2019 Rents Targeted % of Area Median Income</u>	<u>2019 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
12 1 Bedroom	15%	15%	\$182
2 2 Bedrooms	15%	15%	\$219
2 3 Bedrooms	15%	15%	\$253
4 1 Bedroom	30%	30%	\$365
8 2 Bedrooms	30%	30%	\$438
4 3 Bedrooms	30%	30%	\$505
2 1 Bedroom	50%	50%	\$608
3 2 Bedrooms	50%	50%	\$730
4 3 Bedrooms	50%	50%	\$842
2 1 Bedroom	60%	60%	\$730
3 2 Bedrooms	60%	55%	\$807
5 3 Bedrooms	60%	60%	\$1,010
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,005,275
Construction Costs	\$13,240,000
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,394,000
Soft Cost Contingency	\$137,506
Relocation	\$0
Architectural/Engineering	\$600,000
Const. Interest, Perm. Financing	\$1,303,033
Legal Fees	\$25,000
Reserves	\$250,577
Other Costs	\$658,416
Developer Fee	\$2,310,000
Commercial Costs	\$0
Total	\$20,923,807

Residential

Construction Cost Per Square Foot:	\$282
Per Unit Cost:	\$402,381
True Cash Per Unit Cost*:	\$388,738

Construction Financing

<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$11,400,000
Wells Fargo Bank Taxable Loan	\$6,432,920
Madera County MHSA Grant	\$310,000
Madera County NPLH TA Grant	\$75,000
Seller Carryback Loan	\$250,000
Deferred Costs	\$1,069,789
Deferred Developer Fee	\$459,429
Tax Credit Equity	\$926,669

Permanent Financing

<u>Source</u>	<u>Amount</u>
HCD NPLH Loan	\$2,078,489
HCD MHP Loan	\$6,259,193
Madera County NPLH Loan	\$400,000
Madera County MHSA Grant	\$310,000
Madera County NPLH TA Grant	\$75,000
AHP	\$520,000
Seller Carryback Loan	\$250,000
Deferred Developer Fee	\$459,429
Tax Credit Equity	\$10,571,696
TOTAL	\$20,923,807

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$19,467,030
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$19,467,030
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$630,732
Total State Credit:	\$5,840,109
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,310,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.92719
State Tax Credit Factor:	\$0.80882

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:	\$19,467,030
Actual Eligible Basis:	\$19,467,030
Unadjusted Threshold Basis Limit:	\$17,531,032
Total Adjusted Threshold Basis Limit:	\$42,601,076

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: 17%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 124%

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 3.24% 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.

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.

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.