CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 14, 2020

Sequoia Commons II (Formerly Goshen Village East), located at 31161 Florence Avenue in Goshen, requested and is being recommended for a reservation of $678,295 in annual federal tax credits and $5,311,460 in total state tax credits to finance the to finance the new construction of 59 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

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

Project Number	CA-20-556
Project Name	Sequoia Commons II (Formerly Goshen Village East)
Site Address:	31161 Florence Avenue
	Goshen, CA 93291 County: Tulare
Census Tract:	900.00

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$678,295	$5,311,460
Recommended:	$678,295	$5,311,460

* 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. Elowin Court
	Visalia, CA 93291
Phone:	(559) 802-1653
Email:	betsyg@selfhelpenterprises.org

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

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	10
Total # of Units:	60
No. / % of Low Income Units:	59 100.00%
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:	Marlene McDonough

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	12	20%
45% AMI:	9	15%
50% AMI:	38	64%

Unit Mix

20 1-Bedroom Units
20 2-Bedroom Units
20 3-Bedroom Units
60 Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
4	1 Bedroom	30%	30%	$364
3	1 Bedroom	45%	45%	$547
13	1 Bedroom	50%	50%	$608
4	2 Bedrooms	30%	30%	$438
3	2 Bedrooms	45%	45%	$657
13	2 Bedrooms	50%	50%	$730
4	3 Bedrooms	30%	30%	$505
3	3 Bedrooms	45%	45%	$758
12	3 Bedrooms	50%	50%	$842
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$200,000
Construction Costs	$15,450,000
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$772,500
Soft Cost Contingency	$200,000
Relocation	$0
Architectural/Engineering	$690,000
Const. Interest, Perm. Financing	$1,273,914
Legal Fees	$165,000
Reserves	$134,911
Other Costs	$637,973
Developer Fee	$2,730,657
Commercial Costs	$0
Total	**$22,254,955**

Residential

Construction Cost Per Square Foot:	$282
Per Unit Cost:	$370,916
True Cash Per Unit Cost*:	$348,249

Construction Financing

Source	Amount
Wells Fargo TE Loan	$12,771,020
Wells Fargo Construction Loan	$5,984,070
Tax Credit Equity	$1,070,000

Permanent Financing

Source	Amount
CCRC	$613,000
HCD MHP	$9,568,327
Deferred Developer Fee	$1,360,000
GP equity	$120,657
Tax Credit Equity	$10,592,971
TOTAL	**$22,254,955**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$20,935,034
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	$20,935,034
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$678,295
Total State Credit:	$5,311,460
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,730,657
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	$0.93526
State Tax Credit Factor:	$0.80000

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:	$20,935,034
Actual Eligible Basis:	$20,935,034
Unadjusted Threshold Basis Limit:	$22,583,780
Total Adjusted Threshold Basis Limit:	$51,340,329

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

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: 72%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 40%

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.