

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2020 First Round

June 17, 2020

Templeton Place II, located at 1035 Petersen Ranch Road in Templeton, is being recommended for a reservation of \$999,831 in annual federal tax credits to finance the new construction of 35 units of housing serving seniors with rents affordable to households earning 30-60% of area median income (AMI). The project is being developed by Peoples' Self-Help Housing Corporation and will be located in Senate District 17 and Assembly District 35.

The project will be receiving rental assistance in the form of HUD-VASH Project-based Vouchers. The project financing includes state funding from the VHHP program of HCD.

Project Number CA-20-035

Project Name Templeton Place II
Site Address: 1035 Petersen Ranch Road
Templeton, CA 93465 County: San Luis Obispo
Census Tract: 127.040

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$999,831	\$0
Recommended:	\$999,831	\$0

Applicant Information

Applicant: Peoples' Self-Help Housing Corporation
Contact: Rigoberto Guzman
Address: 3533 Empleo Street
San Luis Obispo, CA 93401
Phone: 805-540-2480
Email: rigobertog@pshhc.org

General Partner(s) / Principal Owner(s):	Peoples' Self-Help Housing Corporation
General Partner Type:	Nonprofit
Parent Company(ies):	Peoples' Self-Help Housing Corporation
Developer:	Peoples' Self-Help Housing Corporation
Investor/Consultant:	Community Economics, Inc.
Management Agent(s):	Peoples' Self-Help Housing Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 8
Total # of Units: 36
No. & % of Tax Credit Units: 35 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME / HUD-VASH Project-based Vouchers (5 Units / 14%) / NeighborWorks
Utility Allowance: CUAC

Information

Set-Aside: Rural apportionment (HOME)
Housing Type: Seniors
Geographic Area: Central Coast Region: San Luis Obispo County
TCAC Project Analyst: Jack Waegell

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI:	7 20%
At or Below 40% AMI:	4 10%
At or Below 50% AMI (Rural):	7 20%
At or Below 60% AMI:	17 45%

Unit Mix

4 SRO/Studio Units
27 1-Bedroom Units
<u>5 2-Bedroom Units</u>
36 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
3 SRO/Studio	30%	30%	\$472
1 SRO/Studio	50%	50%	\$787
2 1 Bedroom	30%	30%	\$505
2 1 Bedroom	40%	40%	\$674
5 1 Bedroom	50%	50%	\$843
16 1 Bedroom	60%	60%	\$1,011
1 2 Bedrooms	30%	30%	\$607
1 2 Bedrooms	40%	40%	\$809
1 2 Bedrooms	50%	50%	\$1,012
1 2 Bedrooms	60%	60%	\$1,214
1 1 Bedroom	30%	30%	\$505
1 1 Bedroom	40%	40%	\$674
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$210,358
Construction Costs	\$9,884,606
Rehabilitation Costs	\$0
Construction Contingency	\$550,748
Relocation	\$0
Architectural/Engineering	\$585,000
Const. Interest, Perm. Financing	\$873,010
Legal Fees	\$75,000
Reserves	\$105,935
Other Costs	\$1,831,561
Developer Fee	\$1,400,000
Commercial Costs	\$0
Total	\$15,516,218

Residential

Construction Cost Per Square Foot:	\$391
Per Unit Cost:	\$431,006
True Cash Per Unit Cost*:	\$425,050

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
JP Morgan Chase Bank	\$10,277,758	CCRC (Tranche A)	\$835,011
Land Donation	\$30,000	CCRC (Tranche B)	\$212,833
County of SLO - HOME	\$1,287,001	Land Donation	\$30,000
County of SLO - In-Lieu Funds	\$147,734	HCD - VHHP	\$1,065,804
SLO Housing Trust Fund	\$720,000	County of SLO - HOME	\$1,287,001
AHP	\$350,000	County of SLO - In-Lieu Funds	\$147,734
NeighborWorks	\$770,000	SLO Housing Trust Fund	\$720,000
Pacific Premier Bank - Grant	\$25,000	AHP	\$350,000
General Partner Equity	\$100	NeighborWorks	\$770,000
Tax Credit Equity	\$999,831	Pacific Premier Bank - Grant	\$25,000
		General Partner Equity	\$100
		Deferred Developer Fee	\$184,422
		Tax Credit Equity	\$9,888,313
		TOTAL	\$15,516,218

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$11,109,236
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$11,109,236
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$999,831
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.98900

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:	\$11,109,236
Actual Eligible Basis:	\$14,932,808
Unadjusted Threshold Basis Limit:	\$9,707,081
Total Adjusted Threshold Basis Limit:	\$12,073,674

Adjustments to Basis Limit

Local Development Impact Fees
95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Seniors
Final:	38.984%

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 9.0% 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

Projects with funding or subsidy from HUD are required to use Utility Allowances (UA) approved by HUD. The applicant's use of the CUAC for Templeton Place II, CA-20-035, is subject to approval by HUD which must be provided to TCAC at the placed-in-service submission.

This project is a phase 2 project which will have a community building with facilities which it will make available to the existing, adjacent phase 1 senior project, Templeton Place, CA-1999-048, under a Joint Use Agreement (JUA). The JUA must be in place at placed-in-service, and be provided to TCAC with the placed-in-service submission.

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 has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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.

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 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 ½ mile of transit, service every 30 minutes in rush hours	6	6	6
Residents provided free or discounted transit passes, 1 pass per unit	3	3	3
Within 1 mile of public park or community center open to general public	3	3	3
Within 1 mile of a weekly farmers' market operating at least 5 months/year	1	1	1
Within 1 mile of medical clinic or hospital	3	3	3
Service Amenities	10	10	10
SENIOR HOUSING TYPE			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Other Services Specialist, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION			
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
Smoke Free Residence	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.