

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2020 First Round

June 17, 2020

Coastal Meadows, located at 1275 North V Street in Lompoc, requested and is being recommended for a reservation of \$1,707,575 in annual federal tax credits and \$865,523 in total state tax credits to finance the new construction of 39 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Global Premier Development, INC. and will located in Senate District 19 and Assembly District 35.

Project Number CA-20-050

Project Name Coastal Meadows
Site Address: 1275 North V Street
Lompoc, CA 93436 County: Santa Barbara
Census Tract: 28.060

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,707,575	\$865,523
Recommended:	\$1,707,575	\$865,523

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Global Premier Development, INC.
Contact: Andrew Hanna
Address: 2010 Main Street, Suite 1250
Irvine, CA 92614
Phone: (949) 777-6931
Email: Andrew@GlobalPremierDevelopment.com

General Partner(s) / Principal Owner(s): Global Premier Development, INC.
Living Hope Housing Foundation
General Partner Type: Joint Venture
Parent Company(ies): Global Premier Development, INC.
Living Hope Housing Foundation
Developer: Global Premier Development, INC.
Investor/Consultant: Hunt Capital Partners, LLC
Management Agent(s): Buckingham Property Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 15
Total # of Units: 40
No. & % of Tax Credit Units: 39 100%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: N/A

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Central Coast Region
TCAC Project Analyst: Jonghyun, Shim

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI:	4
At or Below 40% AMI:	10
At or Below 50% AMI:	15
At or Below 60% AMI:	4
At or Below 70% AMI:	4
At or Below 80% AMI:	2

Unit Mix

<u>40 3-Bedroom Units</u>
40 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>
4 3 Bedrooms	30%	30%	\$860
10 3 Bedrooms	40%	40%	\$1,147
15 3 Bedrooms	50%	50%	\$1,434
4 3 Bedrooms	60%	60%	\$1,721
4 3 Bedrooms	70%	70%	\$2,008
2 3 Bedrooms	80%	80%	\$2,295
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,500,000
Construction Costs	\$13,500,675
Rehabilitation Costs	\$0
Construction Contingency	\$907,813
Relocation	\$0
Architectural/Engineering	\$525,000
Const. Interest, Perm. Financing	\$672,671
Legal Fees	\$65,000
Reserves	\$180,195
Other Costs	\$1,163,900
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$21,715,254

Residential

Construction Cost Per Square Foot:	\$238
Per Unit Cost:	\$542,881
True Cash Per Unit Cost*:	\$525,381

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Nano Banc	\$15,455,000	Nano Banc	\$5,895,000
Seller Carryback	\$700,000	Seller Carryback	\$700,000
Tax Credit Equity	\$11,642,596	Tax Credit Equity	\$15,120,254
		TOTAL	\$21,715,254

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$18,973,059
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$18,973,059
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,707,575
Total State Credit:	\$865,523
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Hunt Capital Partners, LLC
Federal Tax Credit Factor:	\$0.85000
State Tax Credit Factor:	\$0.70000

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:	\$18,973,059
Actual Eligible Basis:	\$18,973,059
Unadjusted Threshold Basis Limit:	\$16,506,880
Total Adjusted Threshold Basis Limit:	\$19,453,539

Adjustments to Basis Limit

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels

- Community gardens of at least 60 square feet per unit
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms (where no VOC adhesives or backing is used)
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all interior floor space other than units (where no VOC adhesives or backing is also used)
- For new construction projects, meet all requirements of US EPA Indoor Air Plus Program.

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Final:	4.209%

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, 3.24%. 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

Staff noted a per unit development cost of \$525,381 per unit. The applicant noted that the high per unit cost is comprised of 15 two-story duplex/triplex townhome buildings and 1 community building over an above average size lot, 3.08+/1 Acres for 40 units, which requires much longer trenches of utilities and cables across and around the project premises, higher site improvements, and higher hard costs than a single building project or a project of a fewer number of buildings on a relatively smaller size of lot. In addition, the project is being designed to meeting all requirements of the U.S. Environmental Protection Agency Indoor Air Plus Program.

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 (van or dial-a-ride service for rural set-aside)	4	4	4
Within ¾ mile of public park or community center open to general public	2	2	2
Within 1½ miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within 1 mile of a public high school	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
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
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.