

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2020 Second Round**

**October 14, 2020**

Santa Maria Studios, located at 2660 & 2712 Santa Maria Way in Santa Maria, requested and is being recommended for a reservation of \$2,709,733 in annual federal tax credits to finance the new construction of 159 units of housing serving seniors with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 19 and Assembly District 35.

**Project Number** CA-20-130

**Project Name** Santa Maria Studios  
Site Address: 2660 & 2712 Santa Maria Way  
Santa Maria, CA 93455 County: Santa Barbara  
Census Tract: 20.070

<b>Tax Credit Amounts</b>	<b>Federal/Annual *</b>	<b>State/Total</b>
Requested:	\$2,709,733	\$0
Recommended:	\$2,709,733	\$0

\* Further Consolidated Appropriations Act, 2020 (FCAA) Credits

**Applicant Information**

Applicant: Santa Maria Pacific Associates, a California Limited Partnership  
Contact: Caleb Roope  
Address: 430 E. State Street, Suite 100  
Eagle, ID 83616  
Phone: 208.461.0022  
Email: calebr@tpchousing.com

General Partner(s) / Principal Owner(s): TPC Holdings VII, LLC  
Central Valley Coalition for Affordable Housing  
General Partner Type: Joint Venture  
Parent Company(ies): The Pacific Companies  
Central Valley Coalition for Affordable Housing  
Developer: Pacific West Communities, Inc.  
Investor/Consultant: Boston Capital  
Management Agent(s): ConAm Management Corporation

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 160  
Total # of Tax Credit Units: 160  
No. & % of Low Income Units: 159 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: None

**Information**

County Allocation: Santa Barbara  
Housing Type: Seniors  
Geographic Area: Central Coast Region  
TCAC Project Analyst: Brett Andersen

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI:	16	10%
At or Below 40% AMI:	24	15%
At or Below 50% AMI:	64	40%
At or Below 60% AMI:	55	30%

**Unit Mix**

160 SRO/Studio Units  
160 Total Units

<u>Unit Type &amp; Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>2020 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
16 SRO/Studio	30%	30%	\$624
24 SRO/Studio	40%	40%	\$833
64 SRO/Studio	50%	50%	\$1,041
55 SRO/Studio	60%	60%	\$1,249
1 SRO/Studio	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,582,826
Construction Costs	\$26,637,616
Rehabilitation Costs	\$0
Construction Contingency	\$1,770,000
Relocation	\$0
Architectural/Engineering	\$745,000
Const. Interest, Perm. Financing	\$1,809,500
Legal Fees	\$50,000
Reserves	\$525,013
Other Costs	\$1,931,416
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$37,251,371</b>

**Residential**

Construction Cost Per Square Foot:	\$287
Per Unit Cost:	\$232,821
True Cash Per Unit Cost*:	\$228,446

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Boston Capital Finance	\$32,196,221	Boston Capital Finance	\$13,250,000
Deferred Costs	\$525,013	Deferred Developer Fee	\$700,000
Deferred Developer Fee	\$2,200,000	Tax Credit Equity	\$23,301,371
Tax Credit Equity	\$2,330,137	<b>TOTAL</b>	<b>\$37,251,371</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$34,718,211
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$45,133,674
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,709,733
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.85991

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:	\$34,718,211
Actual Eligible Basis:	\$34,718,211
Unadjusted Threshold Basis Limit:	\$37,088,960
Total Adjusted Threshold Basis Limit:	\$42,126,451

**Adjustments to Basis Limit**

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

**Tie-Breaker Information**

First:	<b>Letter of Support</b>
Second:	<b>\$16,935.83</b>

**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.

**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, the City of Santa Maria Community Development Department, has completed a site review of this project and supports this project.

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 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 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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
Negative Points		0	0
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
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
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Total Points</b>	<b>81</b>	<b>81</b>	<b>81</b>

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**