

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2020 Second Round

October 14, 2020

North Creek Crossings at Meriam Park, located on Notre Dame Boulevard between Humboldt Road and Little Chico Creek in Chico, requested and is being recommended for a reservation of \$4,999,628 in annual federal tax credits to finance the new construction of 105 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 Central California Housing Corporation and will be located in Senate District 4 and Assembly District 3.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-20-139

Project Name North Creek Crossings at Meriam Park
Site Address: Notre Dame Boulevard between Humboldt Road and Little Chico Creek
Chico, CA 95928 County: Butte
Census Tract: 9.030

Tax Credit Amounts	Federal/Annual *	State/Total
Requested:	\$4,999,628	\$0
Recommended:	\$4,999,628	\$0

* Further Consolidated Appropriations Act, 2020 (FCAA) Credits

Applicant Information

Applicant: Central California Housing Corporation
Contact: Laurie Doyle
Address: 3128 Willow Avenue Suite 101
Clovis, CA 93612
Phone: 559-292-9212
Email: Ldoyle@ahdcinc.com

General Partner(s) / Principal Owner(s): Central California Housing Corporation
Butte County Affordable Housing Development Corporation
General Partner Type: Joint Venture
Parent Company(ies): Affordable Housing Development Corporation
Housing Authority of the County of Butte
Developer: Central California Housing Corporation
Investor/Consultant: R4 Capital
Management Agent(s): WinnResidential

Project Information

Construction Type: New Construction
Total # Residential Buildings: 12
Total # of Units: 106
Total # of Tax Credit Units: 106
No. & % of Low Income Units: 105 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project Based Vouchers (26 units - 25%)

Information

County Allocation: Butte
 Housing Type: Large Family
 TCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI:	27 25%
At or Below 40% AMI:	27 25%
At or Below 50% AMI:	31 25%
At or Below 60% AMI:	20 15%

Unit Mix

26 1-Bedroom Units
53 2-Bedroom Units
27 3-Bedroom Units
<u>106 Total Units</u>

<u>Unit Type & 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>
8 1 Bedroom	30%	30%	\$397
13 2 Bedrooms	30%	30%	\$477
5 3 Bedrooms	30%	30%	\$551
1 3 Bedrooms	30%	30%	\$551
7 1 Bedroom	40%	40%	\$530
16 2 Bedrooms	40%	40%	\$637
4 3 Bedrooms	40%	40%	\$735
7 1 Bedroom	50%	50%	\$663
13 2 Bedrooms	50%	50%	\$796
11 3 Bedrooms	50%	50%	\$919
4 1 Bedroom	60%	60%	\$795
10 2 Bedrooms	60%	60%	\$955
6 3 Bedrooms	60%	60%	\$1,103
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,552,639
Construction Costs	\$34,298,225
Rehabilitation Costs	\$0
Construction Contingency	\$1,829,950
Relocation	\$0
Architectural/Engineering	\$1,100,000
Const. Interest, Perm. Financing	\$5,418,365
Legal Fees	\$325,000
Reserves	\$466,594
Other Costs	\$3,692,640
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$51,883,413

Residential

Construction Cost Per Square Foot:	\$245
Per Unit Cost:	\$489,466
True Cash Per Unit Cost*:	\$480,307

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$46,000,000	Jones Lang LaSalle	\$5,915,849
Deferred Costs	\$1,383,748	Deferred Developer Fee	\$970,916
Tax Credit Equity	\$4,499,665	Tax Credit Equity	\$44,996,648
		TOTAL	\$51,883,413

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$42,731,860
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$55,551,418
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$4,999,628
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	R4 Capital
Federal Tax Credit Factor:	\$0.90000

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:	\$42,731,860
Actual Eligible Basis:	\$45,696,860
Unadjusted Threshold Basis Limit:	\$36,225,848
Total Adjusted Threshold Basis Limit:	\$47,093,603

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
Highest or High Resource Opportunity Area

Tie-Breaker Information

First:	Letter of Support
Second:	\$47,166.30

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: 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, the City of Chico Community Development Department, has completed a site review of this project and strongly 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.

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
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
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
Total Points	81	81	81

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