

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2020 Second Round

October 14, 2020

Ventura Veterans Home, located at 10900 Telephone Road in San Buenaventura, requested and is being recommended for a reservation of \$4,942,529 in annual federal tax credits to finance the new construction of 120 units of housing serving tenants and special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by A Community of Friends and will be located in Senate District 19 and Assembly District 37.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the VHHP program of HCD.

Project Number CA-20-147

Project Name Ventura Veterans Home
Site Address: 10900 Telephone Road
San Buenaventura, CA 93004 County: Ventura
Census Tract: 13.010

Tax Credit Amounts	Federal/Annual *	State/Total
Requested:	\$4,942,529	\$0
Recommended:	\$4,942,529	\$0

* Further Consolidated Appropriations Act, 2020 (FCAA) Credits

Applicant Information

Applicant: Ventura Veterans, L.P.
Contact: Adriana Quiquivix
Address: 3701 Wilshire Blvd. Suite 700
Los Angeles, CA 90010
Phone: (213)480-0809
Email: aquiquivix@acof.org

General Partner(s) / Principal Owner(s): Supportive Housing LLC
U.S.VETS - VENTURA LLC

General Partner Type: Nonprofit
Parent Company(ies): A Community of Friends
United States Veterans Initiative

Developer: A Community of Friends
Investor/Consultant: California Housing Partnership
Management Agent(s): A Community of Friends

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 18
 Total # of Units: 122
 Total # of Tax Credit Units: 120
 No. & % of Low Income Units: 120 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (20% / 54 Units)

Information

County Allocation: Ventura
 Housing Type: Special Needs
 Type of Special Needs: Homeless Veterans
 Average Targeted Affordability of Special Needs/SRO Project Unit: 37.03%
 % of Special Need Units: 54 units 45%
 TCAC Project Analyst: Jack Waegell

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 41	30%
At or Below 50% AMI: 19	15%
At or Below 60% AMI: 60	50%

Unit Mix

78 1-Bedroom Units
32 2-Bedroom Units
12 3-Bedroom Units
<u>122 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>
35 1 Bedroom	30%	30%	\$635
19 1 Bedroom	50%	30%	\$635
24 1 Bedroom	60%	60%	\$1,271
4 2 Bedrooms	30%	30%	\$762
27 2 Bedrooms	60%	60%	\$1,525
2 3 Bedrooms	30%	30%	\$880
9 3 Bedrooms	60%	60%	\$1,762
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$590,295
Construction Costs	\$44,490,950
Rehabilitation Costs	\$0
Construction Contingency	\$2,619,200
Relocation	\$0
Architectural/Engineering	\$1,833,222
Const. Interest, Perm. Financing	\$4,226,007
Legal Fees	\$60,000
Reserves	\$909,456
Other Costs	\$3,324,534
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$60,253,664

Residential

Construction Cost Per Square Foot:	\$452
Per Unit Cost:	\$493,882
True Cash Per Unit Cost*:	\$493,882

Construction Financing

Source	Amount
Citibank, N.A.	\$53,480,641
Costs Deferred Until Conversion	\$2,297,510
Tax Credit Equity	\$4,475,513

Permanent Financing

Source	Amount
Citibank, N.A.	\$4,524,000
HCD VHHP	\$9,444,540
Tax Credit Equity	\$46,285,124
TOTAL	\$60,253,664

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$42,243,835
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$54,916,986
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$4,942,529
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.93647

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

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$42,243,835
Actual Eligible Basis:	\$57,323,858
Unadjusted Threshold Basis Limit:	\$35,936,642
Total Adjusted Threshold Basis Limit:	\$44,526,783

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

Tie-Breaker Information

First: This project received a Letter of Support that **meets** the tie breaker requirement of a formal letter of support for the specific project from the Local Reviewing Agency (LRA) outlining how the project will contribute to the community’s recovery efforts.

Second: **\$40,512.53**

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: 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 San Buenaventura, 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
NON-SPECIAL NEEDS UNITS			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	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
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.