

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2020 Second Round**

**October 14, 2020**

Cedar Lane Family Apartments, located at 866 Cedar Lane in Olivehurst, requested and is being recommended for a reservation of \$3,025,000 in annual federal tax credits to finance the new construction of 107 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 Pacific West Communities, Inc. and will be located in Senate District 4 and Assembly District 3.

**Project Number** CA-20-194

**Project Name** Cedar Lane Family Apartments  
Site Address: 866 Cedar Lane  
Olivehurst, CA 95961 County: Yuba  
Census Tract: 404.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual *</b>	<b>State/Total</b>
Requested:	\$3,025,000	\$0
Recommended:	\$3,025,000	\$0

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

**Applicant Information**

Applicant: Olivehurst 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  
Building Better Partnerships, Inc.  
General Partner Type: Joint Venture  
Parent Company(ies): The Pacific Companies  
Regional Housing Authority  
Developer: Pacific West Communities, Inc.  
Investor/Consultant: Boston Capital  
Management Agent(s): Buckingham Property Management

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 12  
Total # of Units: 108  
Total # of Tax Credit Units: 108  
No. & % of Low Income Units: 107 100%  
Federal Set-Aside Elected: 40%/60%

**Information**

County Allocation: Yuba  
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: 11	10%
At or Below 40% AMI: 17	15%
At or Below 50% AMI: 43	40%
At or Below 60% AMI: 36	30%

**Unit Mix**

72 2-Bedroom Units  
36 3-Bedroom Units  


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108 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>
7 2 Bedrooms	30%	30%	\$472
11 2 Bedrooms	40%	40%	\$630
29 2 Bedrooms	50%	50%	\$787
25 2 Bedrooms	60%	60%	\$945
4 3 Bedrooms	30%	30%	\$545
6 3 Bedrooms	40%	40%	\$727
14 3 Bedrooms	50%	50%	\$908
11 3 Bedrooms	60%	60%	\$1,090
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,465,000
Construction Costs	\$22,749,948
Rehabilitation Costs	\$0
Construction Contingency	\$1,400,000
Relocation	\$0
Architectural/Engineering	\$595,000
Const. Interest, Perm. Financing	\$1,174,500
Legal Fees	\$50,000
Reserves	\$329,700
Other Costs	\$3,099,990
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$33,064,138</b>

**Residential**

Construction Cost Per Square Foot:	\$230
Per Unit Cost:	\$306,149
True Cash Per Unit Cost*:	\$298,819

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Boston Capital Finance	\$26,011,459	Boston Capital Finance	\$4,800,000
Yuba County Land Loan	\$1,460,000	Yuba County Land Loan	\$1,460,000
Yuba County Impact Fee Deferral	\$461,739	Yuba County Impact Fee Deferral	\$461,739
Deferred Developer Fee	\$2,200,000	Deferred Developer Fee	\$330,000
Deferred Costs	\$329,700	Tax Credit Equity	\$26,012,399
Tax Credit Equity	\$2,601,240	<b>TOTAL</b>	<b>\$33,064,138</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$30,958,280
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$40,245,764
Applicable Rate:	9.00%
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Boston Capital Corporation
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:	\$30,958,280
Actual Eligible Basis:	\$30,958,280
Unadjusted Threshold Basis Limit:	\$37,880,064
Total Adjusted Threshold Basis Limit:	\$39,895,157

**Adjustments to Basis Limit**

Local Development Impact Fees

**Tie-Breaker Information**

First:	<b>Letter of Support</b>
Second:	<b>\$28,009.26</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.

**Significant Information / Additional Conditions**

This project has requested and received a waiver allowing the project to exceed the 80 low-income units for the rural set-aside, in accordance with TCAC Regulation Section 10325(f)(9)(A).

**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, County of Yuba Community Development & Services Agency, 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.

<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.**