

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2020 Second Round

October 14, 2020

Creekside Terrace (formerly Mariposa Village), located at 5118 Fournier Road in Mariposa, requested and is being recommended for a reservation of \$1,257,791 in annual federal tax credits to finance the new construction of 41 units of housing serving large families with rents affordable to households earning 20-60% AMI of area median income (AMI). The project will be developed by Self-Help Enterprises and will be located in Senate District 8 and Assembly District 5.

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

Project Number CA-20-091

Project Name Creekside Terrace (formerly Mariposa Village)
Site Address: 5118 Fournier Road
Mariposa, CA 95338 County: Mariposa
Census Tract: 1.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,257,791	\$0
Recommended:	\$1,257,791	\$0

Applicant Information

Applicant: Self-Help Enterprises
Contact: Betsy McGovern-Garcia
Address: 8445 W. Elowin Court
Visalia, CA 93291
Phone: 559-802-1653
Email: betsyg@selfhelpenterprises.org

General Partner(s) / Principal Owner(s): Creekside Terrace LLC
General Partner Type: Nonprofit
Parent Company(ies): Self-Help Enterprises
Developer: Self-Help Enterprises
Investor/Consultant: Community Economics
Management Agent(s): AWI Management Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 4
Total # of Units: 42
No. & % of Tax Credit Units: 41 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (24 units - 58%) / NeighborWorks

Information

Set-Aside: Rural
Housing Type: Large Family
Geographic Area: Central Valley Region
TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 20% AMI: 11	25%
At or Below 40% AMI: 8	15%
At or Below 50% AMI (Rural): 5	10%
At or Below 60% AMI: 17	40%

Unit Mix

18 1-Bedroom Units
13 2-Bedroom Units
11 3-Bedroom Units
<u>42 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>
7 1 Bedroom	20%	14%	\$182
2 1 Bedroom	40%	40%	\$525
9 1 Bedroom	60%	60%	\$787
2 2 Bedrooms	20%	14%	\$219
3 2 Bedrooms	40%	40%	\$630
2 2 Bedrooms	50%	50%	\$787
5 2 Bedrooms	60%	60%	\$945
2 3 Bedrooms	20%	14%	\$252
3 3 Bedrooms	40%	40%	\$727
3 3 Bedrooms	50%	50%	\$908
3 3 Bedrooms	60%	60%	\$1,090
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,005,000
Construction Costs	\$11,624,508
Rehabilitation Costs	\$0
Construction Contingency	\$711,225
Relocation	\$25,000
Architectural/Engineering	\$600,000
Const. Interest, Perm. Financing	\$861,624
Legal Fees	\$60,000
Reserves	\$327,744
Other Costs	\$505,384
Developer Fee	\$2,000,000
Commercial Costs	\$0
Total	\$17,720,486

Residential

Construction Cost Per Square Foot:	\$325
Per Unit Cost:	\$421,916
True Cash Per Unit Cost*:	\$421,843

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank	\$12,198,709	US Bank	\$2,289,400
HCD - IIG	\$1,953,100	HCD - IIG	\$1,953,100
NeighborWorks	\$690,000	HCD - NPLH	\$1,735,489
General Partner Equity	\$100	NeighborWorks	\$690,000
Tax Credit Equity	\$1,119,434	Deferred Developer Fee	\$3,060
		General Partner Equity	\$100
		Tax Credit Equity	\$11,049,337
		TOTAL	\$17,720,486

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$10,750,348
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$13,975,452
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,257,791
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,000,000
Investor/Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.87847

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:	\$10,750,348
Actual Eligible Basis:	\$16,541,752
Unadjusted Threshold Basis Limit:	\$13,474,238
Total Adjusted Threshold Basis Limit:	\$16,285,348

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:	Large Family
Final:	43.496%

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

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, County of Mariposa, 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 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	20	15
Within ½ mile of transit (van or dial-a-ride service for rural set-aside)	4	4	4
Within 1 mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Energy efficiency beyond 2019 CA Building Code Title 24: 8 EDR Pts.	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
State Credit Substitution	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.