

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2020 Second Round**

**October 14, 2020**

Woodmark Apartments, located at 7716 & 7760 Bodega Avenue in Sebastopol, requested and is being recommended for a reservation of \$1,807,303 in annual federal tax credits to finance the new construction of 47 units of housing serving large families tenants 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 2 and Assembly District 10.

Woodmark Apartments will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

**Project Number** CA-20-206

**Project Name** Woodmark Apartments  
**Site Address:** 7716 & 7760 Bodega Avenue  
Sebastopol, CA 95472 County: Sonoma  
**Census Tract:** 1534.010

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,807,303	\$0
Recommended:	\$1,807,303	\$0

**Applicant Information**

**Applicant:** Sebastopol 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):** Aperto Property Management, Inc.

**Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 4  
**Total # of Units:** 48  
**No. & % of Tax Credit Units:** 47 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** USDA RHS Section 514 / USDA RD Section 521 Rental Assistance (47 units - 100%)  
**Utility Allowance:** CUAC

**Information**

**Set-Aside:** Rural apportionment (Section 514)  
**Housing Type:** Large Family  
**Geographic Area:** Rural  
**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 30% AMI:	5 10%
At or Below 40% AMI:	5 10%
At or Below 50% AMI (Rural):	24 50%
At or Below 60% AMI:	13 25%

**Unit Mix**

24 2-Bedroom Units
24 3-Bedroom Units
<u>48 Total Units</u>

<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>
2 2 Bedrooms	30%	30%	\$767
3 2 Bedrooms	40%	40%	\$1,023
12 2 Bedrooms	50%	50%	\$1,278
7 2 Bedrooms	60%	60%	\$1,534
3 3 Bedrooms	30%	30%	\$886
2 3 Bedrooms	40%	40%	\$1,181
12 3 Bedrooms	50%	50%	\$1,476
6 3 Bedrooms	60%	60%	\$1,772
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,774,249
Construction Costs	\$16,047,113
Rehabilitation Costs	\$0
Construction Contingency	\$1,050,000
Relocation	\$0
Architectural/Engineering	\$595,000
Const. Interest, Perm. Financing	\$1,001,000
Legal Fees	\$50,000
Reserves	\$296,596
Other Costs	\$1,327,294
Developer Fee	\$2,200,000
<b>Total</b>	<b>\$25,341,252</b>

**Residential**

Construction Cost Per Square Foot:	\$349
Per Unit Cost:	\$527,943
True Cash Per Unit Cost*:	\$507,109

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Boston Capital Finance	\$21,290,531	Boston Capital Finance	\$7,800,000
Deferred Costs	\$296,596	USDA RD - 514 Loan	\$1,000,000
Deferred Developer Fee	\$2,200,000	Deferred Developer Fee	\$1,000,000
Tax Credit Equity	\$1,554,125	Tax Credit Equity	\$15,541,252
		<b>TOTAL</b>	<b>\$25,341,252</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$15,447,035
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$20,081,146
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,807,303
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:	\$15,447,035
Actual Eligible Basis:	\$21,912,035
Unadjusted Threshold Basis Limit:	\$20,399,616
Total Adjusted Threshold Basis Limit:	\$24,239,679

**Adjustments to Basis Limit**

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Project has onsite renewable generation estimated to produce 50% or more of annual tenant electricity use as indicated in TCAC Regulations.

Local Development Impact Fees

Highest or High Resource Opportunity Area

**Tie-Breaker Information**

First:	<b>Large Family</b>
Final:	<b>37.277%</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 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 has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

**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.

<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
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ 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 ¼ mile of a public elementary school project children may attend	3	3	3
Within ½ mile of a pharmacy	2	2	2
Highest or High Resources Area	8	8	8
<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>Sustainable Building Methods</b>	<b>5</b>	<b>5</b>	<b>5</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: LEED	5	5	5
<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>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>5</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>113</b>	<b>113</b>	<b>108</b>

**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.**