CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 28, 2021

Finca Serena, located at 358 South E Street in Porterville, requested and is being recommended for a reservation of $1,506,693 in annual federal tax credits to finance the new construction of 78 units of housing serving special needs tenants with rents affordable to households earning 15-60% of area median income (AMI). The project will be developed by UP Holdings California, LLC and will be located in Senate District 14 and Assembly District 26.

Finca Serena will be receiving rental assistance in the form of Kings/Tulare Homeless Alliance and HUD Section 8 Project-based Vouchers. The project financing includes state funding from the NPLH program of HCD.

Project Number CA-20-431

Project Name Finca Serena
Site Address: 358 South E Street
Porterville, CA 93257 County: Tulare
Census Tract: 42.01

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,506,693	$0
Recommended:	$1,506,693	$0

Applicant Information

Applicant:	UPH Porterville, LP
Contact:	Kiel Lopez-Schmidt
Address:	2670 W. Beechwood Ave. Fresno, CA 93711
Phone:	(559) 492-7249
Email:	kiel@upholdings.net

General Partner(s) or Principal Owner(s):	Finca Serena SHE, LLC UPH Porterville, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Finca Serena SHE, LLC UPH Porterville, LLC
Developer:	UP Holdings California, LLC
Investor/Consultant:	Enterprise Housing Credit Investment, Inc.
Management Agent:	AWI Property Management UPA

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	2	
Total # of Units:	80	
No. / % of Low Income Units:	78	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (14 units - 18%) / HOME	

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	October 1, 2021

Information

Housing Type:	Special Needs
Geographic Area:	Central Valley Region
TCAC Project Analyst:	Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	39	50%
60% AMI:	39	50%

Unit Mix

44	1-Bedroom Units
18	2-Bedroom Units
18	3-Bedroom Units
80	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
19	1 Bedroom	15%	15%	$196
8	1 Bedroom	15%	15%	$196
5	2 Bedrooms	15%	15%	$236
1	3 Bedrooms	15%	15%	$272
1	1 Bedroom	30%	30%	$393
5	1 Bedroom	30%	30%	$393
11	1 Bedroom	60%	60%	$787
12	2 Bedrooms	60%	60%	$945
16	3 Bedrooms	60%	60%	$1,090
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	$330,130
Construction Costs	$20,125,272
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$2,030,040
Soft Cost Contingency	$254,232
Relocation	$0
Architectural/Engineering	$748,500
Const. Interest, Perm. Financing	$1,944,014
Legal Fees	$170,000
Reserves	$590,167
Other Costs	$1,418,647
Developer Fee	$3,500,000
Commercial Costs	$0
Total	**$31,111,001**

Residential

Construction Cost Per Square Foot:	$289
Per Unit Cost:	$388,888
True Cash Per Unit Cost*:	$380,763

Construction Financing

Source	Amount
US Bank - Tax Exempt	$15,971,225
US Bank - Taxable	$10,372,553
LP equity available during construct	$1,307,056

Permanent Financing

Source	Amount
US Bank - Tax Exempt	$2,596,000
HCD NPLH	$8,484,962
HCD HOME	$6,000,000
Deferred Developer Fee	$650,000
GP Equity	$459,475
Tax Credit Equity	$12,920,564
TOTAL	**$31,111,001**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$28,974,871
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$37,667,332
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$1,506,693
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,500,000
Investor/Consultant:	Enterprise Housing Credit Investment, Inc.
Federal Tax Credit Factor:	$0.85754

Except as allowed for projects basing cost on assumed third party debt, the "as if vacant" land value and the existing improvement value established at application for all projects, 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. 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:	$28,974,871
Actual Eligible Basis:	$28,974,871
Unadjusted Threshold Basis Limit:	$25,673,308
Total Adjusted Threshold Basis Limit:	$59,999,150

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

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 100%

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 3.24% 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:

The proposed rents do not include any utility allowance. The owner will pay for all utilities.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

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 reservation 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.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.