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

The Monarch Apartment Homes, located at 3130 North Indian Canyon Drive in Palm Springs, requested and is being recommended for a reservation of $1,404,114 in annual federal tax credits and $7,030,000 in total state tax credits to finance the new construction of 59 units of housing serving large families with rents affordable to households earning 30-60% AMI of area median income (AMI). The project will be developed by Community Housing Opportunities Corporation and will be located in Senate District 28 and Assembly District 42.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number	CA-21-474	
Project Name	The Monarch Apartment Homes	
Site Address:	3130 North Indian Canyon Drive	
	Palm Springs, CA 92262	County: Riverside
Census Tract:	9413.00	

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$1,404,114	$7,030,000
Recommended:	$1,404,114	$7,030,000

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant:	Community Housing Opportunities Corporation
Contact:	Vincent Nicholas
Address:	5030 Business Center Drive, Suite # 260
	Fairfield, CA 94534
Phone:	(415) 940-9478
Email:	vnicholas@chochousing.org

General Partner(s) or Principal Owner(s):	SCHOC I LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Community Housing Opportunities Corporation
Developer:	Community Housing Opportunities Corporation
Investor/Consultant:	Alliant Capital
Management Agent:	Sterling Asset Management Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 11
Total # of Units: 60
No. / % of Low Income Units: 59 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt/HUD Section 8 Project-based Vouchers (15 Units - 25%) / HOME
Utility Allowance: CUAC

Bond Information

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

Information

Housing Type: Large Family
Geographic Area: Inland Empire Region
TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	15	25%
50% AMI:	14	24%
60% AMI:	30	51%

Unit Mix

28	1-Bedroom Units
16	2-Bedroom Units
16	3-Bedroom Units
60	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
5	1 Bedroom	30%	30%	$424
9	1 Bedroom	50%	50%	$706
14	1 Bedroom	60%	60%	$847
5	2 Bedrooms	30%	30%	$508
3	2 Bedrooms	50%	50%	$847
7	2 Bedrooms	60%	60%	$1,016
5	3 Bedrooms	30%	30%	$587
2	3 Bedrooms	50%	50%	$979
9	3 Bedrooms	60%	60%	$1,175
1	2 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Cost Summary at Application

Land and Acquisition	$1,512,604
Construction Costs	$19,313,460
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$997,589
Soft Cost Contingency	$202,480
Relocation	$0
Architectural/Engineering	$1,001,174
Const. Interest, Perm. Financing	$1,636,190
Legal Fees	$25,000
Reserves	$164,531
Other Costs	$450,231
Developer Fee	$3,522,000
Commercial Costs	$0
Total	**$28,825,260**

Residential

Construction Cost Per Square Foot:	$381
Per Unit Cost:	$480,421
True Cash Per Unit Cost*:	$439,859

Construction Financing

Source	Amount
Wells Fargo - Tax Exempt	$15,176,717
Wells Fargo - Taxable	$5,497,884
City of Palm Springs - Land Loan	$840,000
City of Palm Springs	$1,800,000
Riverside County - HOME	$500,000
Tax Credit Equity	$1,868,226

Permanent Financing

Source	Amount
CCRC Permanent Loan	$5,031,000
City of Palm Springs - Land Loan	$840,000
City of Palm Springs	$1,800,000
Riverside County - HOME	$500,000
General Partner Equity	$528,300
Deferred Developer Fee	$1,593,700
Tax Credit Equity	$18,532,260
TOTAL	**$28,825,260**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$27,002,187
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$35,102,844
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$1,404,114
Total State Credit:	$7,030,000
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,522,000
Investor/Consultant:	Alliant Capital
Federal Tax Credit Factor:	$0.91932
State Tax Credit Factor:	$0.80000

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 amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	$27,002,187
Actual Eligible Basis:	$27,002,187
Unadjusted Threshold Basis Limit:	$19,005,944
Total Adjusted Threshold Basis Limit:	$38,582,066

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

Highest or High Resource Opportunity Area

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 23%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 50%

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 4.00% 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 applicant has requested the use of a CUAC utility allowance. TCAC staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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.