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

Perris Sterling Villas III, located at Nuevo Road at Murrieta Road in Perris, requested and is being recommended for a reservation of $1,528,680 in annual federal tax credits and $8,819,309 in total state tax credits to finance the new construction of 142 units of housing serving seniors with rents affordable to households earning 50% of area median income (AMI). The project will be developed by American Covenant Senior Housing Foundation Inc and will be located in Senate District 31 and Assembly District 61.

Project Number CA-20-494

Project Name Perris Sterling Villas III
Site Address: Nuevo Rd at Murrieta Rd
Perris, CA 92571 County: Riverside
Census Tract: 0426.17

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$1,528,680	$8,819,309
Recommended:	$1,528,680	$8,819,309

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: SRE Perris Sterling, LLC
Contact: Richard Schindler
Address: Nuevo Rd at Murrieta Rd
Perris, CA 92571
Phone: (949) 366-0001
Email: richard@schindlerrealestate.com

General Partner(s) or Principal Owner(s): American Covenant Senior Housing Foundation, Inc.
Schindler Real Estate Services, Inc
General Partner Type: Joint Venture
Parent Company(ies): American Covenant Senior Housing Foundation, Inc.
Schindler Real Estate Services, Inc
Developer: American Covenant Senior Housing Foundation, Inc.
Investor/Consultant: Hunt Capital Parnters LLC
Management Agent: Western National Group (WNG)

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	2
Total # of Units:	286
No. / % of Low Income Units:	142 50.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	None

Bond Information

Issuer:	CALPFA
Expected Date of Issuance:	July 15, 2021

Information

Housing Type:	Seniors
Geographic Area:	Inland Empire Region
TCAC Project Analyst:	Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	142	100%

Unit Mix

150	1-Bedroom Units
136	2-Bedroom Units
286	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
75	1 Bedroom	50%	50%	$706
67	2 Bedrooms	50%	50%	$847
2	1 Bedroom	Manager’s Unit	Manager’s Unit	$0
73	1 Bedroom	Market Rate Unit	Market Rate Unit	$0
69	2 Bedrooms	Market Rate Unit	Market Rate Unit	$0

Project Cost Summary at Application

Land and Acquisition	$9,650,000
Construction Costs	$40,784,000
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$2,039,200
Soft Cost Contingency	$276,036
Relocation	$0
Architectural/Engineering	$2,336,000
Const. Interest, Perm. Financing	$3,214,661
Legal Fees	$120,000
Reserves	$2,532,137
Other Costs	$2,570,546
Developer Fee	$7,659,704
Commercial Costs	$0
Total	**$71,182,284**

Residential

Construction Cost Per Square Foot:	$172
Per Unit Cost:	$248,889
True Cash Per Unit Cost*:	$248,737

Construction Financing

Source	Amount
ATAX - Tax Exempt Bond	$34,192,698
ATAX - Taxable Bond	$12,326,722
Deferred Developer Fee	$4,739,704
Sponsor Note	$956,636
Sponsor Equity	$43,364
Tax Credit Equity	$18,504,000

Permanent Financing

Source	Amount
ATAX - Tax Exempt Bond	$34,192,698
ATAX - Taxable Bond	$10,689,135
Deferred Developer Fee	$4,739,704
Sponsor Note	$956,636
Sponsor Equity	$43,364
Tax Credit Equity	$20,560,747
TOTAL	**$71,182,284**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$58,795,397
130% High Cost Adjustment:	Yes
Applicable Fraction:	50.00%
Qualified Basis:	$38,217,008
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	$1,528,680
Total State Credit:	$8,819,309
Approved Developer Fee (in Project Cost & Eligible Basis):	$7,659,704
Investor/Consultant:	Hunt Capital Parnters LLC
Federal Tax Credit Factor:	$0.89500
State Tax Credit Factor:	$0.78000

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:	$58,795,397
Actual Eligible Basis:	$58,795,397
Unadjusted Threshold Basis Limit:	$82,895,500
Total Adjusted Threshold Basis Limit:	$137,606,530

Adjustments to Basis Limit

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

● Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.

● New construction: project shall be more energy efficient than the 2019 Energy Efficiency Standards (California Code of Regulations, Title 24, Part 6) as indicated in TCAC Regulations.

95% of Upper Floor Units are Elevator-Serviced

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