

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

Parlier Plaza Apartments/Garden Valley Homes II Apartments, located at 640 Zediker Avenue and 9565 Flores Drive in Parlier and San Joaquin, requested and is being recommended for a reservation of \$805,895 in annual federal tax credits and \$2,685,066 in total state tax credits to finance the rehabilitation of 86 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Community Preservation Partners, LLC and is located in Senate District 14 and Assembly District 31.

Parlier Plaza Apartments/Garden Valley Homes II Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project (CA-2005-882). See **Resyndication and Resyndication Transfer Event** below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number CA-21-003

Project Name Parlier Plaza Apartments / Garden Valley Homes II Apartments
Site Address: 640 Zediker Avenue / 9565 Flores Drive
Parlier / San Joaquin 93648 / 93660 County: Fresno
Census Tract: 68.02 / 82.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$805,895	\$2,685,066
Recommended only if the Committee approves a pending appeal:	\$805,895	\$2,696,066

Applicant Information

Applicant: PSJ Investment Group, LP
Contact: Ronald D. Bettencourt
Address: 1010 Raquet Club Dr., Suite 106
Auburn, CA 95603
Phone: 805.439.0328
Email: whitecapcoastal@sbcglobal.net

General Partner(s) / Principal Owner(s):	Bettencourt Properties, Inc. The Beneficial Housing Foundation
General Partner Type:	Joint Venture
Parent Company(ies):	PSJ Investment Group, LP
Developer:	Community Preservation Partners, LLC
Investor/Consultant:	WNC & Associates, Inc.
Management Agent(s):	AWI Management Corporation

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	38
Total # of Units:	88
No. & % of Tax Credit Units:	86 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	HUD Section 8 Project-based Contract (88 Units - 100%) / USDA RHS 515

Information

Set-Aside:	Rural
Housing Type:	Large Family
Geographic Area:	N/A
TCAC Project Analyst:	Nick White

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI:	9 10%
At or Below 40% AMI:	9 10%
At or Below 50% AMI (Rural):	43 50%

Unit Mix

24 1-Bedroom Units		
16 2-Bedroom Units		
24 3-Bedroom Units		
18 4-Bedroom Units		
6 5-Bedroom Units		
88 Total Units		
Unit Type & Number	2020 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
11 1 Bedroom	60%	\$787
3 2 Bedrooms	60%	\$945
6 3 Bedrooms	60%	\$1,090
5 4 Bedrooms	60%	\$1,216
11 1 Bedroom	50%	\$656
8 2 Bedrooms	50%	\$787
12 3 Bedrooms	50%	\$908
9 4 Bedrooms	50%	\$1,013
3 5 Bedrooms	50%	\$1,118
1 1 Bedroom	40%	\$525
2 2 Bedrooms	40%	\$630
3 3 Bedrooms	40%	\$727
2 4 Bedrooms	40%	\$811
1 5 Bedrooms	40%	\$895
1 1 Bedroom	30%	\$393
2 2 Bedrooms	30%	\$472
3 3 Bedrooms	30%	\$545
2 4 Bedrooms	30%	\$608
1 5 Bedrooms	30%	\$671
1 2 Bedrooms	Manager's Unit	\$0
1 5 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,992,501
Construction Costs	\$0
Rehabilitation Costs	\$7,176,400
Construction Contingency	\$817,640
Relocation	\$200,000
Architectural/Engineering	\$298,000
Const. Interest, Perm. Financing	\$838,708
Legal Fees	\$175,000
Reserves	\$838,000
Other Costs	\$547,967
Developer Fee	\$1,537,417
Commercial Costs	\$0
Total	\$16,421,633

Residential

Construction Cost Per Square Foot:	\$87
Per Unit Cost:	\$186,609
True Cash Per Unit Cost*:	\$186,609

Construction Financing

Source	Amount
California Bank & Trust	\$6,165,000
USDA RD 515 (assumed)	\$2,090,717
Seller Credit	\$440,000
Replacement Reserves	\$51,262
Tax Credit Equity	\$7,674,654

Permanent Financing

Source	Amount
California Bank & Trust	\$5,110,000
USDA RD 515 (assumed)	\$2,090,717
Seller Credit	\$440,000
Replacement Reserves	\$51,262
Tax Credit Equity	\$8,729,654
TOTAL	\$16,421,633

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$8,954,387
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$8,954,387
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$805,895
Total State Credit:	\$2,685,066
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,537,417
Investor/Consultant:	WNC & Associates, Inc.
Federal Tax Credit Factor:	\$0.85000
State Tax Credit Factor:	\$0.70000

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.

Tie-Breaker Information

First:	Large Family
Final:	45.073%

Significant Information / Additional Conditions

The applicant provided a separate utility allowance for each of the project's two sites.

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-2005-882). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-2005-882) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on TCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by TCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a resyndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from the requirements under TCAC Regulation Section 10320(b)(4)(B).

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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance 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.

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	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit station or public bus stop	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
Within ¾ mile of an elementary public school that project households may attend	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
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
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
Smoke Free Residence	2	2	2
Total Points	109	109	109

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.**