

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

Duro Road Housing Project, located on Duro Road near its intersection with Lake Wohlford Road, requested and is being recommended for a reservation of \$1,711,140 in annual federal tax credits and \$5,703,800 in total state tax credits to finance the new construction of 29 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by the San Pasqual Tribe and will be located in Senate District 39 and Assembly District 78.

Project Number CA-21-025

Project Name Duro Road Housing Project

Site Address: On Duro Road northeast of its intersection with Lake Wohlford Road
Valley Center, CA 92082 County: San Diego

Census Tract: 201.030

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,711,140	\$5,703,800
Recommended only if the Committee approves the pending appeal:	\$1,711,140	\$5,703,800

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

Applicant Information

Applicant: San Pasqual Tribe

Contact: Stephen W. Cope

Address: 16410 Kumeyaay Way
PO Box 365
Valley Center, CA 92082

Phone: (760) 651-5128

Email: stevenc@sanpasqualtribe.org

General Partner(s) / Principal Owner(s): San Pasqual Housing & Community Development

General Partner Type: Nonprofit

Parent Company(ies): San Pasqual Housing & Community Development

Developer: San Pasqual Tribe

Investor/Consultant: Raymond James Tax Credit Funds, Inc.

Management Agent(s): Hyder & Company

Project Information

Construction Type: New Construction

Total # Residential Buildings: 30

Total # of Units: 30

No. & % of Tax Credit Units: 29 100%

Federal Set-Aside Elected: 40%/60% Average Income

Federal Subsidy: San Pasqual Tribe HAP Contract

Information

Set-Aside: Rural (Native American apportionment)
Housing Type: Large Family
Geographic Area: N/A
TCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 6	20%
At or Below 50% AMI: 12	40%

Unit Mix

10 3-Bedroom Units
20 4-Bedroom Units
30 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
3 3 Bedrooms	30%	\$847
3 3 Bedrooms	50%	\$1,322
2 3 Bedrooms	60%	\$1,667
2 3 Bedrooms	80%	\$2,127
4 4 Bedrooms	30%	\$925
5 4 Bedrooms	50%	\$1,400
4 4 Bedrooms	60%	\$1,835
1 4 Bedrooms	80%	\$2,445
1 5 Bedrooms	30%	\$1,109
2 5 Bedrooms	50%	\$1,809
1 5 Bedrooms	60%	\$2,069
1 5 Bedrooms	80%	\$2,759
1 4 Bedrooms	Manager's Unit	\$1,445

Project Cost Summary at Application

Land and Acquisition	\$0
Construction Costs	\$19,289,718
Rehabilitation Costs	\$0
Construction Contingency	\$1,114,486
Relocation	\$0
Architectural/Engineering	\$750,000
Const. Interest, Perm. Financing	\$100,000
Legal Fees	\$0
Reserves	\$48,190
Other Costs	\$1,775,890
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$25,278,284

Residential

Construction Cost Per Square Foot:	\$363
Per Unit Cost:	\$842,609
True Cash Per Unit Cost*:	\$842,609

Construction Financing

Source	Amount
San Pasqual Band of Mission Indians	\$6,571,273
Tax Credit Equity	\$18,707,011

Permanent Financing

Source	Amount
San Pasqual Band of Mission Indians	\$6,571,273
Tax Credit Equity	\$18,707,011
TOTAL	\$25,278,284

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$19,012,668
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$19,012,668
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,711,140
Total State Credit:	\$5,703,800
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$2,140,000
Investor/Consultant:	Raymond James Tax Credit Funds, Inc.
Federal Tax Credit Factor:	\$0.84992
State Tax Credit Factor:	\$0.73000

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:	48.767%

Significant Information / Additional Conditions

The project cost per unit is estimated to be \$842,609. The site is located on a slope and will require significant grading and earthwork. In addition, the project is providing larger unit sizes (3, 4, and 5 bedrooms) and most units are a fully detached building including a garage (single family home design). These contribute to the high cost per unit.

The applicant has committed to providing the project with a Housing Assistance Payments agreement that will be applied in the event the project experiences a shortfall in monthly rental income.

Resyndication and Resyndication Transfer Event: None

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	2	2
For Rural set-aside projects, within 1.5 miles of a public park	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50.0	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	96	96

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.**