

# CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

## Project Staff Report

### 2021 First Round

June 16, 2021

Walnut Place, located at 1064 Walnut Avenue in Greenfield requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 79 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 Corporation for Better Housing and will be located in Senate District 12 and Assembly District 30.

The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

**Project Number** CA-21-033

**Project Name** Walnut Place  
Site Address: 1064 Walnut Avenue  
Greenfield CA, 93927 County: Monterey  
Census Tract: 112.040

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

#### Applicant Information

Applicant: 1064 Walnut Ave., L.P., a California limited partnership  
Contact: Lori Koester  
Address: 20750 Ventura Blvd., Suite 155  
Woodland Hills, CA 91364  
Phone: (818) 905-2430  
Email: lkoester@corpoffices.org

General Partner(s) / Principal Owner(s):	Corporation for Better Housing
General Partner Type:	Nonprofit
Parent Company(ies):	Corporation for Better Housing
Developer:	Corporation for Better Housing
Investor/Consultant:	Alliant Capital, Ltd.
Management Agent(s):	WinnResidential California LP

#### Project Information

Construction Type:	New Construction
Total # Residential Buildings:	5
Total # of Units:	80
No. & % of Tax Credit Units:	79 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	USDA RHS 521 / USDA 521 Rental Assistance (79 Units - 100%)

**Information**

Set-Aside: Rural apportionment (Section 514)  
Housing Type: Large Family  
Geographic Area: N/A  
TCAC Project Analyst: Nick White

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 30% AMI: 8	10%
At or Below 45% AMI: 12	15%
At or Below 50% AMI (Rural): 40	50%
At or Below 60% AMI: 19	20%

**Unit Mix**

24 2-Bedroom Units
32 3-Bedroom Units
24 4-Bedroom Units
<b>80 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2021 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
2 2 Bedrooms	30%	\$654
3 2 Bedrooms	45%	\$982
12 2 Bedrooms	50%	\$1,091
6 2 Bedrooms	60%	\$1,309
3 3 Bedrooms	30%	\$756
5 3 Bedrooms	45%	\$1,134
16 3 Bedrooms	50%	\$1,260
8 3 Bedrooms	60%	\$1,512
3 4 Bedrooms	30%	\$843
4 4 Bedrooms	45%	\$1,265
12 4 Bedrooms	50%	\$1,406
5 4 Bedrooms	60%	\$1,687
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,179,357
Construction Costs	\$24,443,094
Rehabilitation Costs	\$0
Construction Contingency	\$1,472,154
Relocation	\$0
Architectural/Engineering	\$736,000
Const. Interest, Perm. Financing	\$2,333,250
Legal Fees	\$150,000
Reserves	\$535,200
Other Costs	\$2,624,518
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$36,673,573</b>

**Residential**

Construction Cost Per Square Foot:	\$296
Per Unit Cost:	\$458,420
True Cash Per Unit Cost*:	\$446,414

**Construction Financing**

Source	Amount
Pacific Western Bank	\$29,000,000
Tax Credit Equity	\$5,817,693

**Permanent Financing**

Source	Amount
Pacific Western Bank	\$9,934,600
USDA RHS 514	\$3,000,000
Deferred Developer Fee	\$280,772
Solar Tax Credit Equity	\$960,451
Tax Credit Equity	\$22,497,750
<b>TOTAL</b>	<b>\$36,673,573</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$21,367,521
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,777
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Alliant Capital, Ltd.
Federal Tax Credit Factor:	\$0.89991

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:	<b>Large Family</b>
Final:	<b>44.159%</b>

**Significant Information / Additional Conditions:** None.

**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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of transit station or public bus stop	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
INSERT APPLICABLE PUBLIC SCHOOL LANGUAGE	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
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
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**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.**