

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

Vera Cruz Village, located at 116 East Cota Street in Santa Barbara, requested and is being recommended for a reservation of \$1,030,101 in annual federal tax credits to finance the new construction of 28 units of housing serving special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Santa Barbara Affordable Housing Group and will be located in Senate District 19 and Assembly District 37.

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

Project Number CA-21-046

Project Name Vera Cruz Village
Site Address: 116 East Cota Street
Santa Barbara, CA 93101 County: Santa Barbara
Census Tract: 9.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,030,101	\$0
Recommended:	\$1,030,101	\$0

Applicant Information

Applicant: 116 East Cota Street Associates, LP
Contact: Rob L. Fredericks
Address: 808 Laguna Street
Santa Barbara, CA 93101
Phone: 805-897-1051
Email: rfredericks@hacsb.org

General Partner(s) / Principal Owner(s): Garden Court, Inc.
2nd Story Associates
General Partner Type: Nonprofit
Parent Company(ies): Garden Court, Inc.
2nd Story Associates
Developer: Santa Barbara Affordable Housing Group
Investor/Consultant: Enterprise Community Partners
Management Agent(s): Housing Authority of the City of Santa Barbara

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 29
No. & % of Tax Credit Units: 28 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (28 units - 100%)

Information

Set-Aside: Special Needs
Housing Type: Special Needs
Type of Special Needs: Persons with physical, mental, development disabilities
Average Targeted Affordability of Special Needs/SRO Project Units: 40.00%
% of Special Need Units: 28 units 100.00%
Geographic Area: Central Coast Region
TCAC Project Analyst: Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 12	40%
At or Below 45% AMI: 12	40%
At or Below 50% AMI: 2	5%
At or Below 60% AMI: 2	5%

Unit Mix

28 SRO/Studio Units
1 1-Bedroom Units
29 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
12 SRO/Studio	30%	\$624
12 SRO/Studio	45%	\$937
2 SRO/Studio	50%	\$1,041
2 SRO/Studio	60%	\$1,249
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,600,000
Construction Costs	\$11,038,348
Rehabilitation Costs	\$0
Construction Contingency	\$1,008,351
Relocation	\$0
Architectural/Engineering	\$458,000
Const. Interest, Perm. Financing	\$563,925
Legal Fees	\$100,000
Reserves	\$317,333
Other Costs	\$550,951
Developer Fee	\$1,000,000
Commercial Costs	\$0
Total	\$17,636,908

Residential

Construction Cost Per Square Foot:	\$511
Per Unit Cost:	\$608,169
True Cash Per Unit Cost*:	\$569,182

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citi Community Capital	\$5,550,000	Citi Community Capital	\$4,850,000
City of Santa Barbara	\$2,000,000	City of Santa Barbara	\$2,000,000
HACSB** Seller Carryback Loan	\$600,000	HACSB** Seller Carryback Loan	\$600,000
HACSB** Loan	\$300,000	HACSB** Loan	\$300,000
Impact Fee Waiver	\$107,105	Impact Fee Waiver	\$107,105
Accrued Interest	\$60,000	Accrued Interest	\$60,000
Deferred Developer Fee	\$1,000,000	Deferred Developer Fee	\$423,513
General Partner Equity	\$100	General Partner Equity	\$100
Tax Credit Equity	\$8,019,703	Solar Tax Credit Equity	\$26,208
		Tax Credit Equity	\$9,269,982
		TOTAL	\$17,636,908

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

**Housing Authority of the City of Santa Barbara

Determination of Credit Amount(s)

Requested Eligible Basis:	\$8,804,283
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$11,445,568
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,030,101
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,000,000
Investor/Consultant:	Enterprise Community Partners
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:	Special Needs
Final:	61.664%

Significant Information / Additional Conditions

Staff noted the per unit cost is approximately \$567,631. The applicant noted that the high per unit cost is attributed to design approval, entitlements, environmental soil remediation, and construction staging challenges.

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Santa Barbara Community Development Department, has completed a site review of this project and strongly supports this project.

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 ¼ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ½ mile of a pharmacy	2	2	2
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Enhanced Accessibility and Visitability	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.**