

# **CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

## **Project Staff Report Tax-Exempt Bond Project August 11, 2021**

Vista Woods, located at 1106 and 1230 San Pablo Avenue and 600 Roble Avenue in Pinole, requested and is being recommended for a reservation of \$3,518,852 in annual federal tax credits and \$3,650,000 in total state tax credits to finance the new construction of 177 of units of housing serving seniors with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by MRK Partners, Inc. and will be located in Senate District 9 and Assembly District 15.

The project financing includes state funding from the MIP through CalHFA.

<b>Project Number</b>	CA-21-568
<b>Project Name</b>	Vista Woods
Site Address:	1106 and 1230 San Pablo Avenue and 600 Roble Avenue Pinole CA, 94564 County: Contra Costa
Census Tract:	3591.02

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$3,518,852	\$3,650,000
Recommended:	\$3,518,852	\$3,650,000

\* The applicant made an election to sell (Certificate) all or any portion of the state credits.

### **Applicant Information**

Applicant:	Pacific Southwest Community Development Corporation
Contact:	Ben Kurzius
Address:	16935 West Bernardo Drive, Suite 2538 San Diego CA, 92137
Phone:	424-999-4588
Email:	bkurzius@mrkpartners.com
General Partner(s) or Principal Owner(s):	Pinole GP LLC Pacific Southwest Community Development Corp.
General Partner Type:	Joint Venture
Parent Company(ies):	MRK Partners, Inc. Pacific Southwest Community Development Corp.
Developer:	MRK Partners, Inc.
Bond Issuer:	CalHFA
Investor/Consultant:	R4 Capital
Management Agent:	WinnCompanies



**Project Information**

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	179
No. / % of Low Income Units:	177 100.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt

**Information**

Housing Type:	Seniors
Geographic Area:	East Bay Region
TCAC Project Analyst:	Sopida Steinwert

**55-Year Use / Affordability**

Aggregate Targeting		Percentage of	
Number of Units		Affordable Units	
30% AMI:	18	10%	
50% AMI:	18	10%	
60% AMI:	94	53%	
70% AMI:	23	13%	
80% AMI:	24	14%	

**Unit Mix**

16 SRO/Studio Units
128 1-Bedroom Units
35 2-Bedroom Units
<hr/>
179 Total Units



<b>Unit Type &amp; Number</b>	<b>2021 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
2 SRO/Studio	30%	\$719
2 SRO/Studio	50%	\$1,198
6 SRO/Studio	60%	\$1,400
3 SRO/Studio	70%	\$1,400
3 SRO/Studio	80%	\$1,400
13 1 Bedroom	30%	\$770
13 1 Bedroom	50%	\$1,284
70 1 Bedroom	60%	\$1,541
15 1 Bedroom	70%	\$1,798
16 1 Bedroom	80%	\$1,825
3 2 Bedrooms	30%	\$924
3 2 Bedrooms	50%	\$1,541
18 2 Bedrooms	60%	\$1,849
5 2 Bedrooms	70%	\$2,000
5 2 Bedrooms	80%	\$2,000
1 1 Bedroom	Manager's Unit	\$0
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$4,388,298
Construction Costs	\$44,033,374
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,350,070
Soft Cost Contingency	\$300,000
Relocation	\$0
Architectural/Engineering	\$1,470,000
Const. Interest, Perm. Financing	\$4,275,151
Legal Fees	\$265,000
Reserves	\$981,254
Other Costs	\$8,102,061
Developer Fee	\$8,835,584
Commercial Costs	\$0
<b>Total</b>	<b>\$77,000,791</b>



**Residential**

Construction Cost Per Square Foot:	\$312
Per Unit Cost:	\$430,172
True Cash Per Unit Cost*:	\$395,806

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank - Tax-Exempt	\$39,800,000	CalHFA Permanent Loan	\$33,091,000
Citibank - Taxable	\$12,000,000	CalHFA MIP Loan	\$6,212,000
Tax Credit Equity	\$15,072,381	NOI during Lease Up	\$364,728
		Deferred Developer Fee	\$6,151,448
		Solar Tax Credit Equity	\$110,800
		Tax Credit Equity	\$31,070,816
		<b>TOTAL</b>	<b>\$77,000,791</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$67,670,224
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$87,971,291
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,518,852
Total State Credit:	\$3,650,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,835,584
Investor/Consultant:	R4 Capital
Federal Tax Credit Factor:	\$0.80000
State Tax Credit Factor:	\$0.80000

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.

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

**Resyndication and Resyndication Transfer Event:** 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.

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.

#### **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.