

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

Arroyo Crossing II located at the intersection of Jefferson Street and Highway 11 in Indio, requested and is being recommended for a reservation of \$2,692,137 in annual federal tax credits and \$15,531,558 in total state tax credits to finance the new construction of 214 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 Pacific West Communities, Inc. and will be located in Senate District 28 and Assembly

Project Number CA-21-656

Project Name Arroyo Crossing II
Site Address: Jefferson Street and Highway 11
Indio, CA 92201 County: Riverside
Census Tract: 451.21

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,692,137	\$15,531,558
Recommended:	\$2,692,137	\$15,531,558

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

Applicant Information

Applicant: Central Valley Coalition for Affordable Housing
Contact: Christina Alley
Address: 3351 M Street, Suite 100
Merced, CA 95348
Phone: 209.388.0782
Email: chris@centralvalleycoalition.com

General Partner(s) or Principal Owner(s): TPC Holdings IX, LLC
Central Valley Coalition for Affordable Housing
General Partner Type: Joint Venture
Parent Company(ies): The Pacific Companies
Central Valley Coalition for Affordable Housing
Developer: Pacific West Communities, Inc.
Bond Issuer: California Municipal Finance Authority (CMFA)
Investor/Consultant: Boston Financial
Management Agent: ConAm Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 9
 Total # of Units: 216
 No. / % of Low Income Units: 214 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax Exempt

Information

Housing Type: Large Family
 Geographic Area: Inland Empire Region
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
30% AMI: 22	10%
50% AMI: 22	10%
60% AMI: 127	59%
80% AMI: 43	20%

Unit Mix

106 1-Bedroom Units
56 2-Bedroom Units
54 3-Bedroom Units
216 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
11 1 Bedroom	30%	\$444
11 1 Bedroom	50%	\$740
63 1 Bedroom	60%	\$888
21 1 Bedroom	80%	\$1,185
6 2 Bedrooms	30%	\$533
6 2 Bedrooms	50%	\$888
32 2 Bedrooms	60%	\$1,066
10 2 Bedrooms	80%	\$1,287
5 3 Bedrooms	30%	\$616
5 3 Bedrooms	50%	\$1,027
32 3 Bedrooms	60%	\$1,233
12 3 Bedrooms	80%	\$1,644
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,508,000
Construction Costs	\$35,900,357
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,800,000
Soft Cost Contingency	\$300,000
Relocation	\$0
Architectural/Engineering	\$795,000
Const. Interest, Perm. Financing	\$2,401,800
Legal Fees	\$100,000
Reserves	\$736,298
Other Costs	\$4,261,110
Developer Fee	\$6,789,975
Commercial Costs	\$0
Total	\$56,592,540

Residential

Construction Cost Per Square Foot:	\$231
Per Unit Cost:	\$262,003
True Cash Per Unit Cost*:	\$245,870

Construction Financing

Source	Amount
Citibank - T.E. Bonds	\$30,400,000
Citibank - Recycled T.E. Bonds	\$8,000,000
CVAG - TUMF Fee Waiver	\$284,620
Deferred Costs	\$6,789,975
Deferred Developer Fee	\$736,298
Tax Credit Equity	\$10,381,647

Permanent Financing

Source	Amount
Citibank - T.E. Bonds	\$18,300,000
Deferred Developer Fee	\$3,200,000
CVAG - TUMF Fee Waiver	\$284,620
Tax Credit Equity	\$34,807,920
TOTAL	\$56,592,540

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$51,771,859
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$67,303,417
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,692,137
Total State Credit:	\$15,531,558
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,789,975
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.81992
State Tax Credit Factor:	\$0.81992

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.