

# **CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

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

Vista Sunrise II, located at 1527 North Sunrise Way in Palm Springs, requested and is being recommended for a reservation of \$1,080,938 in annual federal tax credits and \$8,107,033 in total state tax credits to finance the new construction of 60 units of housing serving large families with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Coachella Valley Housing Coalition and will be located in Senate District 28 and Assembly District 42.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the NPLH program of HCD.

<b>Project Number</b>	CA-21-667		
<b>Project Name</b>	Vista Sunrise II		
Site Address:	1527 North Sunrise Way		
	Palm Springs, CA 92262	County: Riverside	
Census Tract:	446.02		
<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>	
Requested:	\$1,080,938	\$8,107,033	
Recommended:	\$1,080,938	\$8,107,033	

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

### **Applicant Information**

Applicant: Coachella Valley Housing Coalition\ Vista Sunrise II, L.P.  
Contact: Alice Salinas  
Address: 45701 Monroe Street Suite G  
Indio, CA 92201  
Phone: (760) 347-3157  
Email: alicecv@cvhc.org

General Partner(s) or Principal Owner(s): CVHC Sunrise Vista LLC  
Sunrise DAP LLC  
General Partner Type: Nonprofit  
Parent Company(ies): Coachella Valley Housing Coalition  
DAP Health  
Developer: Coachella Valley Housing Coalition  
Bond Issuer: California Municipal Finance Authority  
Investor/Consultant: Community Economics, Inc.  
Management Agent: Hyder & Company

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 61  
 No. / % of Low Income Units: 60 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt /  
 HUD Section 8 Project-based Vouchers (29 units - 48%)

**Information**

Housing Type: Special Needs  
 Geographic Area: Inland Empire Region  
 TCAC Project Analyst: Tiffani Negrete

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>		<b>Percentage of Affordable Units</b>
30% AMI:	31	52%
40% AMI:	11	18%
50% AMI:	18	30%

**Unit Mix**

44 SRO/Studio Units
16 1-Bedroom Units
1 2-Bedroom Units
<b>61 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2021 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
19 SRO/Studio	30%	\$414
2 SRO/Studio	30%	\$414
10 SRO/Studio	40%	\$553
13 SRO/Studio	50%	\$691
10 1 Bedroom	30%	\$444
1 1 Bedroom	40%	\$592
5 1 Bedroom	50%	\$740
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$507,365
Construction Costs	\$18,330,106
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,858,247
Soft Cost Contingency	\$208,023
Relocation	\$0
Architectural/Engineering	\$1,110,000
Const. Interest, Perm. Financing	\$1,408,837
Legal Fees	\$190,000
Reserves	\$893,566
Other Costs	\$2,299,465
Developer Fee	\$3,524,797
Commercial Costs	\$0
<b>Total</b>	<b>\$30,330,406</b>

**Residential**

Construction Cost Per Square Foot:	\$567
Per Unit Cost:	\$497,220
True Cash Per Unit Cost*:	\$479,078

**Construction Financing**

Source	Amount
Wells Fargo - T.E. Bonds	\$14,922,526
Wells Fargo	\$4,728,816
City of Palm Springs	\$3,800,000
City of Palm Springs - Fee Waiver	\$1,106,633
Tax Credit Equity	\$1,723,969

**Permanent Financing**

Source	Amount
HCD - NPLH	\$6,769,577
City of Palm Springs	\$3,800,000
City of Palm Springs - Fee Waiver	\$1,106,633
General Partner Equity	\$1,549,507
Tax Credit Equity	\$17,104,690
<b>TOTAL</b>	<b>\$30,330,406</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$27,023,444
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$27,023,444
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,080,938
Total State Credit:	\$8,107,033
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,524,797
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.90739
State Tax Credit Factor:	\$0.90000

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**

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

**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.