

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

September 29, 2021

Paradise Gardens III, located at 1040 Buschmann Road in Paradise, requested \$1,126,120 in annual federal tax credits but is being recommended for a reservation of \$1,119,901 in annual federal tax credits (see "Significant Information / Additional Conditions" below) to finance the new construction & acquisition and rehabilitation of 47 units of housing serving seniors with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Impact Development Group LLC and will be located in Senate District 4 and Assembly District 3.

Paradise Gardens III will be receiving rental assistance in the form of a HUD Project-based Section 8 Housing Assistance Payment Contract.

Project Number CA-21-159

Project Name Paradise Gardens III
Site Address: 1040 Buschmann Road
Paradise, CA 95969 County: Butte
Census Tract: 22.000

Tax Credit Amounts	Federal/Annual *	State/Total
Requested:	\$1,126,120	\$0
Recommended:	\$1,119,901	\$0

* Consolidated Appropriations Act, 2021 (CAA) Federal Credits

Applicant Information

Applicant: Impact Development Group LLC
Contact: Cynthia Michels
Address: 235 Montgomery Street, 30th Floor
San Francisco, CA 94104
Phone: 310-386-2464
Email: cmichels@impactdevgroup.com

General Partner(s) / Principal Owner(s): IDG Paradise Gardens LLC
NHC MGP I LLC

General Partner Type: Joint Venture

Parent Company(ies): Impact Development Group LLC
National Housing Corporation

Developer: Impact Development Group LLC

Investor/Consultant: Boston Financial

Management Agent(s): Hyder Property Management Professionals

Project Information

Construction Type: New Construction and Acquisition & Rehabilitation
 Total # Residential Buildings: 12
 Total # of Units: 48
 No. & % of Tax Credit Units: 47 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Section 8 Project-based Vouchers (47 units - 100%)

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: Northern Region
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 47	100%

Unit Mix

<u>48 1-Bedroom Units</u>
48 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
47 1 Bedroom	30%	\$392
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$7,500,000
Construction Costs	\$10,573,000
Rehabilitation Costs	\$0
Construction Contingency	\$579,400
Relocation	\$0
Architectural/Engineering	\$85,000
Const. Interest, Perm. Financing	\$607,037
Legal Fees	\$130,000
Reserves	\$117,086
Other Costs	\$271,988
Developer Fee	\$1,808,231
Commercial Costs	\$0
Total	\$21,671,742

Residential

Construction Cost Per Square Foot:	\$352
Per Unit Cost:	\$451,495
True Cash Per Unit Cost*:	\$451,272

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
JP Morgan Chase	\$10,400,000	JP Morgan Chase	\$4,070,000
NAC MGP LLC Capital Contribution	\$7,511,940	NAC MGP LLC Capital Contribution	\$7,511,940
Deferred Fees and Costs	\$1,788,759	Deferred Developer Fee	\$10,695
Tax Credit Equity	\$2,027,016	Tax Credit Equity	\$10,079,107
		TOTAL	\$21,671,742

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$9,571,803
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$12,443,344
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,119,901
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,808,231
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.90000

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.

Disaster Credit Tie-Breaker Information

First:	Yes
Second:	No
Third:	\$23,960.00

Significant Information / Additional Conditions

Paradise Gardens III development is a re-build of a project that was largely destroyed by the Camp Fire of 2018. The proposed application includes a total of 12 buildings, 10 new construction buildings and 2 buildings that will be substantially rehabilitated.

CTCAC staff determined the application is ineligible for acquisition credits. As a result, staff reduced the maximum annual federal credit to \$1,119,901, a reduction from the \$1,126,120 requested.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, the City of Paradise, 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

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 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 1½ miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 100 hrs per 100 bdrms	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	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.