

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2021 Second Round**

**November 17, 2021**

Calexico Meadows, located at 2420 Rancho Frontera Avenue in Calexico, requested and is being recommended for a reservation of \$1,263,737 in annual federal tax credits to finance the new construction of 59 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Chelsea Investment Corporation and will be located in Senate District 40 and Assembly District 56.

The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance. The project financing includes state funding from the Joe Serna program of HCD.

**Project Number** CA-21-155

**Project Name** Calexico Meadows  
Site Address: 2420 Rancho Frontera Avenue  
Calexico CA, 92231 County: Imperial  
Census Tract: 119.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,263,737	\$0
Recommended:	\$1,263,737	\$0

**Applicant Information**

Applicant: Calexico Meadows CIC, LP  
Contact: Robert Laing  
Address: 6339 Paseo del Lago  
Carlsbad CA, 92011  
Phone: 858-675-0506  
Email: robertlaing@pswcdc.org

General Partner(s) / Principal Owner(s): Pacific Southwest Community Development Corporation  
General Partner Type: Nonprofit  
Parent Company(ies): Pacific Southwest Community Development Corporation  
Developer: Chelsea Investment Corporation  
Investor/Consultant: The Richman Group  
Management Agent(s): CIC Management, Inc.

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 5  
Total # of Units: 60  
No. & % of Tax Credit Units: 59 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: USDA RHS 521

**Information**

Set-Aside: N/A  
 Housing Type: Large Family  
 Geographic Area: Inland Empire Region  
 TCAC Project Analyst: Nick White

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 7	12%
At or Below 35% AMI: 7	12%
At or Below 40% AMI: 7	12%
At or Below 45% AMI: 7	12%
At or Below 50% AMI: 7	12%
At or Below 60% AMI: 24	40%

**Unit Mix**

44 2-Bedroom Units
<u>16 3-Bedroom Units</u>
60 Total Units

<u>Unit Type &amp; Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
19 2 Bedrooms	60%	\$942
5 2 Bedrooms	50%	\$785
5 2 Bedrooms	45%	\$706
5 2 Bedrooms	40%	\$628
5 2 Bedrooms	35%	\$549
5 2 Bedrooms	30%	\$471
5 3 Bedrooms	60%	\$1,087
2 3 Bedrooms	50%	\$906
2 3 Bedrooms	45%	\$815
2 3 Bedrooms	40%	\$725
2 3 Bedrooms	35%	\$634
2 3 Bedrooms	30%	\$543
1 3 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,138,288
Construction Costs	\$12,786,836
Rehabilitation Costs	\$0
Construction Contingency	\$673,569
Relocation	\$0
Architectural/Engineering	\$610,200
Const. Interest, Perm. Financing	\$1,234,181
Legal Fees	\$181,000
Reserves	\$150,992
Other Costs	\$1,903,174
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$20,878,240</b>

**Residential**

Construction Cost Per Square Foot:	\$221
Per Unit Cost:	\$347,971
True Cash Per Unit Cost*:	\$340,202

**Construction Financing**

Source	Amount
Citi Community Capital	\$16,601,794
General Partner Contribution	\$100
Deferred Costs	\$1,667,993
Tax Credit Equity	\$2,608,353

**Permanent Financing**

Source	Amount
Citi Community Capital	\$2,420,000
USDA 514	\$3,000,000
HCD Joe Serna	\$4,043,718
Deferred Developer Fee	\$466,134
General Partner Contribution	\$100
Solar Equity	\$80,152
Tax Credit Equity	\$10,868,136
<b>TOTAL</b>	<b>\$20,878,240</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$14,041,519
130% High Cost Adjustment:	No
Requested Eligible Basis:	\$0
Applicable Fraction:	100.00%
Qualified Basis:	\$14,041,519
Applicable Rate:	9.00%
Qualified Basis:	\$0
Total Maximum Annual Federal Credit:	\$1,263,737
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	The Richman Group
Federal Tax Credit Factor:	\$0.86000

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:	<b>Large Family</b>
Final:	<b>62.163%</b>

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

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

**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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1 mile of a public high school	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
In-unit high speed internet service	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**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.**