

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 8, 2021

Westview House, located at 2530 & 2534 Westminster Ave. in Santa Ana, requested and is being recommended for a reservation of \$1,882,948 in annual federal tax credits to finance the new construction of 84 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Community Development Partners and will be located in Senate District 34 and Assembly District 69.

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.

Project Number CA-21-756

Project Name Westview House
Site Address: 2530 & 2534 Westminster Ave.
Santa Ana, CA 92706 County: Orange
Census Tract: 891.04

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,882,948	\$0
Recommended:	\$1,882,948	\$0

Applicant Information

Applicant: Community Development Partners
Contact: Kyle Paine
Address: 3416 Via Oporto, Suite 301
Newport Beach, CA 92663
Phone: (949) 922-3578
Email: kyle@communitydevpartners.com

General Partner(s) or Principal Owner(s): Westview CDP LLC
Westview Mercy House CHDO LLC

General Partner Type: Joint Venture

Parent Company(ies): Community Development Partners
Mercy House CHDO, Inc.

Developer: Community Development Partners

Bond Issuer: California Statewide Communities Dev. Authority

Investor/Consultant: Aegon Asset Management

Management Agent: FPI Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 85
 No. / % of Low Income Units: 84 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers
 (26 Units - 31%)

Information

Housing Type: Non-Targeted
 Geographic Area: Orange County
 TCAC Project Analyst: Dylan Hervey

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 63	75%
60% AMI: 21	25%

Unit Mix

23 1-Bedroom Units
 4 2-Bedroom Units
 34 3-Bedroom Units
 24 4-Bedroom Units

 85 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
23 1 Bedroom	30%	\$756
3 2 Bedrooms	30%	\$908
21 3 Bedrooms	30%	\$1,049
13 3 Bedrooms	60%	\$2,098
16 4 Bedrooms	30%	\$1,170
8 4 Bedrooms	60%	\$2,341
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$7,401,288
Construction Costs	\$29,107,442
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,475,372
Soft Cost Contingency	\$100,000
Relocation	\$0
Architectural/Engineering	\$865,000
Const. Interest, Perm. Financing	\$1,705,335
Legal Fees	\$187,500
Reserves	\$1,302,160
Other Costs	\$2,142,944
Developer Fee	\$2,525,000
Commercial Costs	\$0
Total	\$46,812,041

Residential

Construction Cost Per Square Foot:	\$297
Per Unit Cost:	\$550,730
True Cash Per Unit Cost*:	\$550,730

Construction Financing

<u>Source</u>	<u>Amount</u>
Citi Community Capital (Tax-Exempt)	\$23,990,343
Citi Community Capital (Taxable Tail)	\$12,145,497
City of Santa Ana Funds	\$3,513,907
OC Housing Finance Trust**	\$1,450,349
Deferred Developer Fee	\$1,020,478
Deferred Reserves	\$1,302,160
Tax Credit Equity	\$3,389,307

Permanent Financing

<u>Source</u>	<u>Amount</u>
Citi Community Capital	\$12,915,001
NPLH Funds	\$7,312,537
OC Housing & Community Dev.**	\$4,258,280
OC Housing Finance Trust**	\$1,450,349
City of Santa Ana	\$3,904,341
Developer Fee Contribution	\$25,000
Tax Credit Equity	\$16,946,533
TOTAL	\$46,812,041

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

**OC-Orange County

Determination of Credit Amount(s)

Requested Eligible Basis:	\$36,943,805
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$48,026,947
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,882,948
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,525,000
Investor/Consultant:	Aegon Asset Management
Federal 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:

All of the one-bedroom and two-bedroom units are Permanent Supportive Housing Units and will receive project based vouchers from the City of Santa Ana. All of the Permanent Supportive Housing Units will not include utility allowances. All of the three-bedroom and 4-bedroom units rents will include a utility allowance schedule.

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.