

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

December 8, 2021

Marina Dunes BMR Site 1 (Lot 24-93 Units) / Site 2 (Lot 20-49 Units), located at SEC Imjim Parkway at 4th Ave. and SWC 2nd Ave. at 6th St. in Marina, requested and is being recommended for a reservation of \$3,321,658 in annual federal tax credits and \$3,644,895 to finance the new construction of 140 units of housing serving tenants with rents affordable to households earning 30-70% of area median income (AMI). The project will be developed by USA Multi-Family Development and will be located in Senate District 17 and Assembly District 29.

The project financing includes state funding from the MIP Program through CalHFA.

Project Number CA-21-729

Project Name Marina Dunes BMR Site 1 (Lot 24-93 Units) / Site 2 (Lot 20-49 Units)

Site Address:	<u>Site 1</u> Imjim Parkway at 4th Ave Marina CA, 93933	<u>Site 2</u> SWC 2nd Ave at 6th St. Marina CA, 93933
Census Tract:	141.02	
County:	Monterey	

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,321,658	\$3,644,895
Recommended:	\$3,321,658	\$3,644,895

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant:	Marina 706, L.P.
Contact:	Darren Bobrowsky
Address:	3200 Douglas Blvd, Suite 200 Roseville, CA 95661
Phone:	916-865-3981
Email:	dbobrowsky@usapropfund.com

General Partner(s) or Principal Owner(s):	USA Marina 706, Inc. Riverside Charitable Corporation
General Partner Type:	Joint Venture
Parent Company(ies):	USA Properties Fund, Inc. Riverside Charitable Corporation
Developer:	USA Multi-Family Development, Inc.
Bond Issuer:	CalHFA
Investor/Consultant:	Boston Capital Investment Mgmt
Management Agent:	USA Multifamily Management, Inc.

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	6
Total # of Units:	142
No. / % of Low Income Units:	140 100.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt

Information

Housing Type:	Non-Targeted
Geographic Area:	Central Coast Region
TCAC Project Analyst:	Nick White

55-Year Use / Affordability

<u>Aggregate Targeting</u> <u>Number of Units</u>	<u>Percentage of</u> <u>Affordable Units</u>
30% AMI: 15	11%
50% AMI: 36	26%
60% AMI: 36	26%
70% AMI: 53	38%

Unit Mix

34 1-Bedroom Units
72 2-Bedroom Units
36 3-Bedroom Units
<hr/> 142 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
3 1 Bedroom	30%	\$572
9 1 Bedroom	50%	\$953
9 1 Bedroom	60%	\$1,144
13 1 Bedroom	70%	\$1,334
4 2 Bedrooms	30%	\$687
9 2 Bedrooms	50%	\$1,145
9 2 Bedrooms	60%	\$1,374
13 2 Bedrooms	70%	\$1,603
4 2 Bedrooms	30%	\$687
9 2 Bedrooms	50%	\$1,145
9 2 Bedrooms	60%	\$1,374
13 2 Bedrooms	70%	\$1,603
4 3 Bedrooms	30%	\$793
9 3 Bedrooms	50%	\$1,322
9 3 Bedrooms	60%	\$1,586
14 3 Bedrooms	70%	\$1,851
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$682,013
Construction Costs	\$36,807,955
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,664,340
Soft Cost Contingency	\$248,566
Relocation	\$0
Architectural/Engineering	\$2,007,100
Const. Interest, Perm. Financing	\$5,002,356
Legal Fees	\$0
Reserves	\$480,573
Other Costs	\$10,399,137
Developer Fee	\$8,331,919
Commercial Costs	\$0
Total	\$67,623,959

Residential

Construction Cost Per Square Foot:	\$328
Per Unit Cost:	\$476,225
True Cash Per Unit Cost*:	\$440,732

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank, N.A. - Tax Exempt	\$34,000,000	CalHFA	\$18,000,000
Citibank, N.A. - Taxable	\$7,500,000	CalHFA - MIP	\$2,800,000
General Partner Loan	\$1,000,000	Marina Community Partners,	\$7,788,000
Seller Carryback	\$7,788,000	General Partner Loan	\$1,000,000
Deferred Costs	\$7,987,227	NOI during Construction	\$1,031,698
Tax Credit Equity	\$6,392,852	Deferred Developer Fee	\$5,040,000
		Tax Credit Equity	\$31,964,261
		TOTAL	\$67,623,959

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$63,878,048
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$83,041,462
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,321,658
Total State Credit:	\$3,644,895
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,331,919
Investor/Consultant:	Boston Capital Investment Mgmt
Federal Tax Credit Factor:	\$0.88000
State Tax Credit Factor:	\$0.75000

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:

Marina Dunes BMR Site 1 (Lot 24-93 Units) / Site 2 (Lot 20-49 Units) is a new construction scattered site project consisting of 142 units in 6 buildings on 2 parcels. Lot 1 (Imjim Parkway at 4th Ave) will consist of 93 units, Lots 2 (SWC 2nd Ave at 6th Street) will consist of 49 units.

The Lot 1 site will have one exempt on-site manager unit. Additionally, the Lot 2 site will have one exempt on-site manager meeting the requirement for a scattered site project pursuant to TCAC Regulations Section 10325(f)(7)(J).

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.