

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
January 19, 2022**

Centennial Square Apartments located at SW Corner of Miller St. & Plaza Dr. in Santa Maria, requested and is being recommended for a reservation of \$3,104,524 in annual federal tax credits to finance the new construction of 182 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project requested \$4,842,716 in total state tax credits, but due to the limited availability, is not being recommended any state credits. The project will be developed by Dawson Holdings, Inc. and will be located in Senate District 19 and Assembly District 35.

Project Number CA-21-709

Project Name Centennial Square Apartments
Site Address: SW Corner of Miller St. & Plaza Dr.
Santa Maria, CA 93454 County: Santa Barbara
Census Tract: 21.03

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,104,524	\$4,842,716
Recommended:	\$3,104,524	\$0

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

Applicant Information

Applicant: Kingdom Development, Inc.
Contact: William Leach
Address: 6451 Box Springs Blvd.
Riverside, CA 92507
Phone: 951-538-6244
Email: William@kingdomdevelopment.net

General Partner(s) or Principal Owner(s): Centennial Square Associates, LLC
Kingdom Paradise Gardens, LLC

General Partner Type: Joint Venture

Parent Company(ies): Dawson Holdings, Inc.
Kingdom Development, Inc.

Developer: Dawson Holdings, Inc.

Bond Issuer: CA Statewide Communities Development Authority

Investor/Consultant: R4 Capital LLC

Management Agent: Aperto Property Management, Inc.

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	8
Total # of Units:	184
No. / % of Low Income Units:	182 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt

Information

Housing Type:	Large Family
Geographic Area:	Central Coast Region
TCAC Project Analyst:	Dylan Hervey

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 19	10%
50% AMI: 19	10%
60% AMI: 144	79%

Unit Mix

63 1-Bedroom Units
42 2-Bedroom Units
79 3-Bedroom Units
<u>184 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
7 1 Bedroom	30%	\$703
7 1 Bedroom	50%	\$1,171
49 1 Bedroom	60%	\$1,406
4 2 Bedrooms	30%	\$843
4 2 Bedrooms	50%	\$1,406
32 2 Bedrooms	60%	\$1,687
8 3 Bedrooms	30%	\$974
8 3 Bedrooms	50%	\$1,623
63 3 Bedrooms	60%	\$1,948
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,438,430
Construction Costs	\$39,316,840
Construction Hard Cost Contingency	\$1,963,890
Soft Cost Contingency	\$600,000
Architectural/Engineering	\$832,367
Const. Interest, Perm. Financing	\$4,198,542
Legal Fees	\$317,500
Reserves	\$724,344
Other Costs	\$7,248,860
Developer Fee	\$7,787,268
Total	\$68,428,041

Residential

Construction Cost Per Square Foot:	\$249
Per Unit Cost:	\$371,892
True Cash Per Unit Cost*:	\$348,373

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citi Community Capital	\$35,664,687	Citi Community	\$33,433,700
Citi Community Capital - Recycled Bonds	\$6,000,000	Deferred Developer Fee	\$4,327,474
Citi Community Capital - Taxable Tail	\$9,350,133	State Credit Backfill (TBD)	\$3,970,630
Deferred Costs	\$8,213,161	Tax Credit Equity	\$26,696,237
Tax Credit Equity	\$9,200,060	TOTAL	\$68,428,041

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$59,702,388
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$77,613,104
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,104,524
Total State Credit:	\$0
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,787,268
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	\$0.85991
State Tax Credit Factor:	\$0.81992

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: None.

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.