

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2022 First Round**

**June 15, 2022**

Escalante Meadows, located at 1090 & 1093 Escalante Meadows in Guadalupe, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 77 units of housing serving large families with rents affordable to households earning 40-60% of area median income (AMI). The project will be developed by Housing Authority of the County of Santa Barbara and will be located in Senate District 19 and Assembly District 35.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and RAD (Rental Assistance Demonstration) Project-based Vouchers. The project financing includes state funding from the Affordable Housing and Sustainable Communities (AHSC) program(s) of HCD.

**Project Number** CA-22-006

**Project Name** Escalante Meadows  
**Site Address:** 1090 & 1093 Escalante Meadows  
Guadalupe, CA 93434 County: Santa Barbara  
**Census Tract:** 25.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

**Applicant Information**

**Applicant:** Escalante Meadows, L.P.  
**Contact:** Robert P. Havlicek Jr  
**Address:** 815 West Ocean Avenue  
Lompoc, CA 93436  
**Phone:** (805) 736-3423  
**Email:** bobhavlicek@hasbarco.org

**General Partner(s) / Principal Owner(s):** Surf Development Company  
Housing Authority of the County of Santa Barbara  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** Surf Development Company  
Housing Authority of the County of Santa Barbara  
**Developer:** Housing Authority of the County of Santa Barbara  
**Investor/Consultant:** RBC Capital Markets, Inc.  
**Management Agent(s):** Housing Authority of the County of Santa Barbara

**Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 10  
**Total # of Units:** 80  
**No. & % of Tax Credit Units:** 77 97%  
**Federal Set-Aside Elected:** 40%/60% Average Income  
**Federal Subsidy:** CDBG / HUD Section 8 Project Based Vouchers (67 Units -85%)  
/ RAD (10 units - 13%)

**Information**

Set-Aside: Rural  
 Housing Type: Large Family  
 Geographic Area: Central Coast Region  
 TCAC Project Analyst: Jonghyun(Tommy), Shim

**55-Year Use / Affordability**

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AMI:	16	20%
At or Below 50% AMI (Rural):	31	40%
At or Below 60% AMI:	30	35%

**Unit Mix**

12 1-Bedroom Units
24 2-Bedroom Units
28 3-Bedroom Units
16 4-Bedroom Units
<u>80 Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 1 Bedroom	20%	\$468
2 1 Bedroom	40%	\$820
6 2 Bedrooms	20%	\$562
4 2 Bedrooms	30%	\$843
4 2 Bedrooms	40%	\$1,125
8 2 Bedrooms	50%	\$1,406
2 2 Bedrooms	80%	\$2,250
4 3 Bedrooms	30%	\$974
6 3 Bedrooms	50%	\$1,623
12 3 Bedrooms	60%	\$1,948
2 3 Bedrooms	60%	\$1,948
1 3 Bedrooms	80%	\$2,598
3 4 Bedrooms	30%	\$1,086
9 4 Bedrooms	60%	\$2,173
3 4 Bedrooms	60%	\$2,173
1 4 Bedrooms	80%	\$2,898
1 3 Bedrooms	Manager's Unit	\$0
2 3 Bedrooms	Market Rate Unit	\$5,196

**Project Cost Summary at Application**

Land and Acquisition	\$6,980,000
Construction Costs	\$41,425,714
Rehabilitation Costs	\$0
Construction Contingency	\$2,385,286
Relocation	\$800,000
Architectural/Engineering	\$1,450,000
Const. Interest, Perm. Financing	\$3,570,000
Legal Fees	\$140,000
Reserves	\$966,633
Other Costs	\$2,315,060
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$62,232,693</b>

**Residential**

Construction Cost Per Square Foot:	\$412
Per Unit Cost:	\$777,909
True Cash Per Unit Cost*:	\$764,530

**Construction Financing**

Source	Amount
Pacific Western Bank	\$43,642,773
Seller Carryback	\$1,050,000
HASBARCO - HHC	\$5,600,000
HASBARCO - CDBG-DR	\$1,377,665
Deferred Costs	\$4,476,633
Photovoltaic Tax Credit Equity	\$30,986
Deferred Developer Fee	\$1,655,076
Tax Credit Equity	\$4,399,560

**Permanent Financing**

Source	Amount
Pacific Western Bank	\$19,300,000
Seller Carryback	\$1,050,000
HASBARCO - AHSC	\$11,731,995
HASBARCO - HHC	\$5,600,000
HASBARCO - CDBG-DR	\$1,377,665
HASBARCO-AHP	\$1,000,000
Photovoltaic Tax Credit Equity	\$154,930
Deferred Developer Fee	\$20,303
Tax Credit Equity	\$21,997,800
<b>TOTAL</b>	<b>\$62,232,693</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$48,915,633
130% High Cost Adjustment:	No
Applicable Fraction:	97.23%
Qualified Basis:	\$47,560,364
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	RBC Capital Markets, Inc.
Federal Tax Credit Factor:	\$0.87991

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>64.139%</b>

**Significant Information / Additional Conditions**

Development costs are roughly \$764,530 per unit. The factors affecting this cost includes demolition, and construction of a new road on the perimeter of the property.

Site control of a portion of this acreage will be conveyed to an entity operating a qualified active low income community business. The Community Center serving this project will be a portion of this business with a long term lease to the partnership.

**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 CTCAC.

The applicant must pay CTCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC 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, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, 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 CTCAC 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 CTCAC 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 transit station or public bus stop	4	4	4
Within 1.5 miles of public park or community center open to general public	2	2	2
Within 1 mile of public library	3	3	3
Within 1 mile of a neighborhood market of at least 5,000 sf	3	3	3
Within 1/4 mile of a public Elementary School	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES</b>			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	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>
State Credit Substitution	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.**