

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2022 First Round

June 15, 2022

Shell Beach Senior, located at 2655 Shell Beach Road in Pismo Beach, requested and is being recommended for a reservation of \$629,754 in annual federal tax credits to finance the new construction of 25 units of housing serving seniors with rents affordable to households earning 30%-50% AMI of area median income (AMI). The project will be developed by San Luis Obispo Nonprofit Housing Corporation and will be located in Senate District 17 and Assembly District 35.

Shell Beach Senior will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-22-010

Project Name Shell Beach Senior
Site Address: 2655 Shell Beach Road
Pismo Beach, CA 93449 County: San Luis Obispo
Census Tract: 117.040

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$629,754	\$0
Recommended:	\$629,754	\$0

Applicant Information

Applicant: San Luis Obispo Nonprofit Housing Corporation
Contact: Ken Litzinger
Address: 487 Leff Street
San Luis Obispo, CA 92401
Phone: (805) 594-5304
Email: klitzinger@haslo.org

General Partner(s) / Principal Owner(s): San Luis Obispo Nonprofit Housing Corporation
Pacific SPT LLC
General Partner Type: Joint Venture
Parent Company(ies): San Luis Obispo Nonprofit Housing Corporation
Pacific Development Group, Inc
Developer: San Luis Obispo Nonprofit Housing Corporation
Investor/Consultant: California Housing Partnership
Management Agent(s): Housing Authority of San Luis Obispo

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 26
No. & % of Tax Credit Units: 25 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Contract (8 Units-32%)

Information

Set-Aside: Nonprofit
Housing Type: Seniors
Geographic Area: Central Coast Region
CTCAC Project Analyst: Cynthia Compton

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>		<u>Percentage of Affordable Units</u>
At or Below 30% AMI:	3	12%
At or Below 40% AMI:	4	16%
At or Below 50% AMI:	18	72%

Unit Mix

8 SRO/Studio Units
17 1-Bedroom Units
1 2-Bedroom Units
<u>26 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 SRO/Studio	30%	\$513
2 1 Bedroom	30%	\$550
1 SRO/Studio	40%	\$685
2 1 Bedroom	40%	\$734
1 1 Bedroom	40%	\$734
6 SRO/Studio	50%	\$856
2 1 Bedroom	50%	\$917
10 1 Bedroom	50%	\$917
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,804,740
Construction Costs	\$5,175,377
Rehabilitation Costs	\$0
Construction Contingency	\$364,507
Relocation	\$0
Architectural/Engineering	\$302,715
Const. Interest, Perm. Financing	\$385,129
Legal Fees	\$133,500
Reserves	\$66,714
Other Costs	\$934,528
Developer Fee	\$1,089,776
Commercial Costs	\$0
Total	\$10,256,986

Residential

Construction Cost Per Square Foot:	\$320
Per Unit Cost:	\$394,499
True Cash Per Unit Cost*:	\$394,499

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Pacific Western	\$6,707,130	Pacific Western	\$2,157,200
HASLO Public Funds	\$340,000	HASLO Public Funds Loan	\$340,000
City of Pismo Beach	\$1,000,000	City of Pismo Beach Loan	\$1,000,000
City of Pismo Beach Deferred Fees	\$223,676	City of Pismo Beach Deferred Fees	\$223,676
County of SLO - HOME	\$249,000	County of SLO - HOME	\$249,000
County of SLO - Title 29	\$250,987	County of SLO - Title 29	\$250,987
County of SLO - HOME-ARP	\$345,000	County of SLO - HOME ARP	\$345,000
Deffered Costs	\$720,581	Tax Credit Equity	\$5,691,123
Tax Credit Equity	\$420,612	TOTAL	\$10,256,986

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$5,382,509
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$6,997,262
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$629,754
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,089,776
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.90371

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:	Seniors
Final:	52.332%

Significant Information / Additional Conditions: 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.

CTCAC 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

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit station or public bus stop	4	4	4
Residents provided free or discounted transit passes, 1 pass per 2 units	2	2	2
Within ½ mile of public park or community center open to general public	3	3	3
Within ¼ mile of a neighborhood market of at least 5,000 sf	4	4	4
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
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
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

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.**