

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2022 First Round**

**June 15, 2022**

**REVISED**

Los Arroyos I, located at 135 East Walnut Avenue in Farmersville, requested and is being recommended for a reservation of \$1,161,733 in annual federal tax credits to finance the new construction of 53 units of housing serving large families with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Self-Help Enterprises and will be located in Senate District 14 and Assembly District 26.

The project financing includes state funding from the Infill Infrastructure Grant and Affordable Housing and Sustainable Communities programs of HCD.

**Project Number** CA-22-022

**Project Name** Los Arroyos I  
**Site Address:** 135 East Walnut Avenue  
Farmersville, CA 93223 **County:** Tulare  
**Census Tract:** 16.010

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,161,733	\$0
Recommended:	\$1,161,733	\$0

**Applicant Information**

**Applicant:** Self-Help Enterprises  
**Contact:** Betsy McGovern-Garcia  
**Address:** 8445 W Elowin Court  
Visalia, CA 93291  
**Phone:** 559-802-1653  
**Email:** betsyg@selfhelpenterprises.org

**General Partner(s) / Principal Owner(s):** Los Arroyos I LLC  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** Self-Help Enterprises  
**Developer:** Self-Help Enterprises  
**Investor/Consultant:** Community Economics, Inc.  
**Management Agent(s):** Always With Integrity

**Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 9  
**Total # of Units:** 54  
**No. & % of Tax Credit Units:** 53 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** None

**Information**

Set-Aside: Rural  
Housing Type: Large Family  
Geographic Area: N/A  
CTCAC Project Analyst: Sopida Steinwert

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 18	34%
At or Below 45% AMI: 12	23%
At or Below 50% AMI: 23	43%

**Unit Mix**

18 1-Bedroom Units
18 2-Bedroom Units
18 3-Bedroom Units
54 Total Units

<u>Unit Type &amp; Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 1 Bedroom	30%	\$392
4 1 Bedroom	45%	\$588
8 1 Bedroom	50%	\$653
6 2 Bedrooms	30%	\$471
4 2 Bedrooms	45%	\$706
8 2 Bedrooms	50%	\$785
6 3 Bedrooms	30%	\$543
4 3 Bedrooms	45%	\$815
7 3 Bedrooms	50%	\$906
1 3 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$457,678
Construction Costs	\$15,775,812
Rehabilitation Costs	\$0
Construction Contingency	\$1,948,099
Relocation	\$0
Architectural/Engineering	\$600,000
Const. Interest, Perm. Financing	\$1,336,943
Legal Fees	\$125,000
Reserves	\$179,983
Other Costs	\$1,015,754
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$23,639,270</b>

## Residential

Construction Cost Per Square Foot:	\$297
Per Unit Cost:	\$437,764
True Cash Per Unit Cost*:	\$437,764

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank	\$18,322,156	HCD - AHSC	\$7,274,285
HCD - IIG	\$1,307,193	HCD/County - PLHA	\$5,000,000
Deferred Costs	\$1,787,514	HCD - IIG	\$1,307,193
General Partner Equity	\$541	General Partner Equity	\$541
Tax Credit Equity	\$2,221,866	Tax Credit Equity	\$10,057,250
		<b>TOTAL</b>	<b>\$23,639,270</b>

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

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$9,929,339
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$12,908,141
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,161,733
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.86571

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>87.600%</b>

### Significant Information / Additional Conditions

This project is Phase I which will be built adjacent to an existing tax-credit project Los Arroyos II (CA-21-118). Phase II is being built prior to Phase I and was awarded in 2021. Both phases will share a parcel and a lot line adjustment will be made to split Phase I and Phase II. The purchase price was equally divided between Phase I and Phase II.

A waiver has been granted by the Executive Director for the project size limitations pursuant to CTCAC regulation Section 10325(f)(9)(A) to surpass the 80-unit limit for rural set-aside applications filed by Related Parties, proposing projects within one-fourth (1/4) mile of one another, filed at any time within a twelve (12) month period.

**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.

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 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 mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1 mile of a public high 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>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 10 hours/week	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
Smoke Free Residence	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.**