

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
June 15, 2022

River Oaks Family Apartments, located at NE Corner of Algodon Road & River Oak Boulevard in Plumas Lake, requested and is being recommended for a reservation of \$1,026,525 in annual federal tax credits and \$7,698,936 in total state tax credits to finance the new construction of 47 units of housing serving large families with rents affordable to households earning 40%-60% AMI of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 4 and Assembly District 3.

Project Number CA-22-427

Project Name River Oaks Family Apartments
 Site Address: NE Corner of Algodon & River Oaks Boulevard
 Plumas Lake, CA 95961 County: Yuba
 Census Tract: 407.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,026,525	\$7,698,936
Recommended:	\$1,026,525	\$7,698,936

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

Applicant Information

Applicant: Building Better Partnerships, Inc.
 Contact: Gustavo Becerra
 Address: 1455 Butte House Road
 Yuba City, CA 95993
 Phone: 530.671.0220
 Email: g.becerra@regionalha.org

General Partner(s) or Principal Owner(s): Building Better Partnerships, Inc.
 TPC Holdings IX, LLC

General Partner Type: Joint Venture

Parent Company(ies): Regional Housing Authority
 The Pacific Companies

Developer: Pacific West Communities, Inc.

Bond Issuer: California Municipal Finance Authority (CMFA)

Investor/Consultant: Boston Financial

Management Agent: Buckingham Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 5
 Total # of Units: 48
 No. / % of Low Income Units: 47 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: Capital Region
 TCAC Project Analyst: Cynthia Compton

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 10	21%
40% AMI: 2	4%
50% AMI: 27	57%
55% AMI: 8	17%

Unit Mix

24 2-Bedroom Units
24 3-Bedroom Units
<u>48 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 2 Bedrooms	30%	\$471
19 2 Bedrooms	50%	\$785
6 3 Bedrooms	30%	\$543
2 3 Bedrooms	40%	\$725
8 3 Bedrooms	50%	\$906
8 3 Bedrooms	55%	\$996
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,685,000
Construction Costs	\$16,453,763
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$900,000
Soft Cost Contingency	\$120,000
Relocation	\$0
Architectural/Engineering	\$590,000
Const. Interest, Perm. Financing	\$1,043,600
Legal Fees	\$50,000
Reserves	\$116,827
Other Costs	\$2,171,561
Developer Fee	\$3,347,363
Commercial Costs	\$0
Total	\$26,478,114

Residential

Construction Cost Per Square Foot:	\$350
Per Unit Cost:	\$551,627
True Cash Per Unit Cost*:	\$527,724

Construction Financing

<u>Source</u>	<u>Amount</u>
CB&T - Tax Exempt	\$14,000,000
CB&T - Taxable	\$7,250,000
Deferred Fees	\$248,136
Deferred Costs	\$116,827
Deferred Developer Fee	\$3,347,363
Tax Credit Equity	\$1,515,788

Permanent Financing

<u>Source</u>	<u>Amount</u>
CB&T - Tax Exempt	\$1,300,000
HCD - MHP	\$8,318,933
Deferred Fees	\$248,136
Capital Loan	\$323,954
Deferred Developer Fee	\$1,147,363
Tax Credit Equity	\$15,139,728
TOTAL	\$26,478,114

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$25,663,120
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$25,663,120
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,026,525
Total State Credit:	\$7,698,936
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,347,363
Investor/Consultant:	Boston Financial
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.