

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
June 15, 2022**

Smoke Tree Apartments, located at the west side of Poplar Avenue, north of Highway 46 in Wasco, requested and is being recommended for a reservation of \$653,516 in annual federal tax credits and \$4,610,000 in total state tax credits to finance the new construction of 35 units of housing serving large families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 14 and Assembly District 32.

The project financing includes state funding from the Joe Serna program of HCD.

Project Number CA-22-428

Project Name Smoke Tree Apartments
Site Address: West side of Poplar Avenue, north of Highway 46
Wasco, CA 93280 County: Kern
Census Tract: 43.01

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$653,516	\$4,610,000
Recommended:	\$653,516	\$4,610,000

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

Applicant Information

Applicant: Central Valley Coalition for Affordable Housing
Contact: Christina Alley
Address: 3351 M Street, Suite 100
Merced, CA 95348
Phone: 209.388.0782
Email: chris@centralvalleycoalition.com

General Partner(s) or Principal Owner(s): Central Valley Coalition for Affordable Housing
TPC Holdings IX, LLC
General Partner Type: Joint Venture
Parent Company(ies): Central Valley Coalition for Affordable Housing
The Pacific Companies
Developer: Pacific West Communities, Inc.
Bond Issuer: California Municipal Finance Authority (CMFA)
Investor/Consultant: Boston Financial
Management Agent: Infinity Management & Investments, LLC

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 4
 Total # of Units: 36
 No. / % of Low Income Units: 35 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting		Percentage of
Number of Units		Affordable Units
30% AMI:	4	11%
50% AMI:	4	11%
60% AMI:	27	77%

Unit Mix

20 2-Bedroom Units
16 3-Bedroom Units
<u>36 Total Units</u>

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2 2 Bedrooms	30%	\$471
2 2 Bedrooms	50%	\$785
16 2 Bedrooms	60%	\$942
2 3 Bedrooms	30%	\$543
2 3 Bedrooms	50%	\$906
11 3 Bedrooms	60%	\$1,087
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$441,700
Construction Costs	\$11,031,555
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$750,000
Soft Cost Contingency	\$200,000
Relocation	\$0
Architectural/Engineering	\$590,000
Const. Interest, Perm. Financing	\$734,700
Legal Fees	\$50,000
Reserves	\$181,380
Other Costs	\$983,443
Developer Fee	\$2,131,029
Commercial Costs	\$0
Total	\$17,093,807

Residential

Construction Cost Per Square Foot:	\$290
Per Unit Cost:	\$474,828
True Cash Per Unit Cost*:	\$474,828

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
CB&T - T.E. Bonds	\$9,000,000	CB&T - T.E. Bonds	\$1,700,000
HCD - Joe Serna	\$4,855,000	HCD - Joe Serna	\$6,125,000
Deferred Costs	\$181,380	Tax Credit Equity	\$9,268,807
Deferred Developer Fee	\$2,131,029	TOTAL	\$17,093,807
Tax Credit Equity	\$926,398		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$16,337,894
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$16,337,894
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	\$653,516
Total State Credit:	\$4,610,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,131,029
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.83992
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.

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 reservation 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 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, 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.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.