

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

California Manor II Apartments, located adjacent to 10165 El Camino Real in Atascadero, requested and is being recommended for a reservation of \$894,171 in annual federal tax credits and \$6,212,485 in total state tax credits to finance the new construction of 75 units of housing serving seniors with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Micon Real Estate, Inc. and will be located in Senate District 17 and Assembly District 35.

The project financing includes state funding from the Mixed-Income-Program (MIP) through CalHFA.

Project Number CA-22-486

Project Name California Manor II Apartments
Site Address: Adjacent to 10165 El Camino Real
 Atascadero, CA 93422 County: San Luis Obispo
Census Tract: 125.03

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$894,171	\$6,212,485
Recommended:	\$894,171	\$6,212,485

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Atascadero California Grand Manor, LP
Contact: Michael L. Condry
Address: 1370 Jensen Ave Ste B
 Sanger, CA 93657
Phone: (559)875-3330
Email: MCondry@miconrealestate.com

General Partner(s) or Principal Owner(s): Atascadero California Grand Manor, LLC
 Central Valley Coalition for Affordable Housing
 Joint Venture
General Partner Type:
Parent Company(ies): Micon Real Estate, Inc.
 Central Valley Coalition for Affordable Housing
Developer: Micon Real Estate, Inc.
Bond Issuer: California Housing Finance Agency
Investor/Consultant: Boston Financial Investment Management, LP
Management Agent: Buckingham Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 76
 No. / % of Low Income Units: 75 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Seniors
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Franklin Cui

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 8	11%
50% AMI: 15	20%
60% AMI: 44	59%
80% AMI: 8	11%

Unit Mix

12 SRO/Studio Units
 58 1-Bedroom Units
6 2-Bedroom Units
 76 Total Units

<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
1 SRO/Studio	50%	\$856
9 SRO/Studio	60%	\$1,027
1 SRO/Studio	80%	\$1,370
6 1 Bedroom	30%	\$550
12 1 Bedroom	50%	\$917
33 1 Bedroom	60%	\$1,101
6 1 Bedroom	80%	\$1,468
1 2 Bedrooms	30%	\$660
2 2 Bedrooms	50%	\$1,101
2 2 Bedrooms	60%	\$1,321
1 2 Bedrooms	80%	\$1,762
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$335,000
Construction Costs	\$15,261,470
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$698,832
Soft Cost Contingency	\$200,000
Relocation	\$0
Architectural/Engineering	\$300,000
Const. Interest, Perm. Financing	\$1,209,712
Legal Fees	\$185,000
Reserves	\$382,904
Other Costs	\$1,876,832
Developer Fee	\$2,915,773
Commercial Costs	\$0
Total	\$23,365,523

Residential

Construction Cost Per Square Foot:	\$231
Per Unit Cost:	\$307,441
True Cash Per Unit Cost*:	\$286,345

Construction Financing

Source	Amount
Huntington National Bank	\$12,203,163
Huntington National Bank (Taxable)	\$4,996,343
Deferred Reserves	\$382,904
Deferred Developer Fee	\$2,915,774
Tax Credit Equity	\$2,867,339

Permanent Financing

Source	Amount
CalHFA	\$6,200,000
CalHFA MIP Loan	\$2,900,000
Deferred Developer Fees	\$1,603,329
Tax Credit Equity	\$12,662,194
TOTAL	\$23,365,523

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$22,354,265
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$22,354,265
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$894,171
Total State Credit:	\$6,212,485
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,915,773
Investor/Consultant:	Boston Financial Investment Management, LP
Federal Tax Credit Factor:	\$0.89500
State Tax Credit Factor:	\$0.75000

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

According to the City of Atascadero, the Subject site is currently part of a larger parcel with existing improvement totaling 4.73 acres. The developer intends to submit a request for a parcel split to exclude the developed portion of the site. By Placed in Service, all lot line adjustments must be completed where only the property the Tax Credit Project covers shall be recorded on Regulatory Agreement.

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.