

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2022 Second Round**

**September 28, 2022**

Anderson Hotel Apartments, located at 955 Monterey Street in San Luis Obispo, the applicant requested and is being recommend for a reservation of \$2,500,000 in annual federal credits and the applicant requested \$9,750,424 in state credits, but is being recommended for a reservation of \$7,962,953 in total state tax credits to finance the acquisition and rehabilitation of 66 units of housing serving special needs (including homeless) tenants with rents affordable to households earning 30%-40% of area median income (AMI). The project will be developed by San Luis Obispo Nonprofit Housing Corporation and is located in Senate District 17 and Assembly District 35.

The project will be receiving rental assistance in the form of HCD Section 8 Project-based Vouchers.

The project financing includes state funding from the No Place Like Home (NPLH) of HCD.

**Project Number** CA-22-092

**Project Name** Anderson Hotel Apartments  
**Site Address:** 955 Monterey Street  
San Luis Obispo, CA 93401 **County:** San Luis Obispo  
**Census Tract:** 111.010

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,500,000	\$9,750,424
Recommended:	\$2,500,000	\$7,962,953

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

**Applicant Information**

**Applicant:** San Luis Obispo Nonprofit Housing Corporation  
**Contact:** Ken Litzinger  
**Address:** 487 Leff Street  
San Luis Obispo, CA 93401  
**Phone:** 805-594-5304  
**Email:** klitzinger@haslo.org

**General Partner(s) / Principal Owner(s):** San Luis Obispo Nonprofit Housing Corporation  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** San Luis Obispo Nonprofit Housing Corporation  
**Developer:** San Luis Obispo Nonprofit Housing Corporation  
**Investor/Consultant:** California Housing Partnership  
**Management Agent(s):** Housing Authority San Luis Obispo

**Project Information**

**Construction Type:** Acquisition & Rehabilitation  
**Total # Residential Buildings:** 1  
**Total # of Units:** 68  
**No. & % of Tax Credit Units:** 66 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** HUD Section 8 Project-based Contract (66 Units-100%)

**Information**

Set-Aside: At-Risk  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless, At Risk  
 Average Targeted Affordability of SN/SRO Project Units: 38.94%  
 % of Special Need Units: 50 units 75.00%  
 Geographic Area: Central Coast Region  
 CTCAC Project Analyst: Cynthia Compton

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percent of Required Affordable Units</b>
At or Below 30% AMI:	7	10%
At or Below 40% AMI:	59	80%

**Unit Mix**

24 SRO/Studio Units
44 1-Bedroom Units
<b>68 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2022 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
2 SRO/Studio	30%	\$574
5 1 Bedroom	30%	\$615
22 SRO/Studio	40%	\$766
11 1 Bedroom	40%	\$821
26 1 Bedroom	40%	\$821
2 1 Bedroom	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$14,779,246
Construction Costs	\$0
Rehabilitation Costs	\$21,981,739
Construction Contingency	\$2,598,528
Relocation	\$3,196,320
Architectural/Engineering	\$1,233,627
Const. Interest, Perm. Financing	\$2,211,413
Legal Fees	\$106,113
Reserves	\$624,525
Other Costs	\$445,685
Developer Fee	\$2,200,000
Commercial Costs	\$1,377,925
<b>Total</b>	<b>\$50,755,121</b>

**Residential**

Construction Cost Per Square Foot:	\$358
Per Unit Cost:	\$726,135
True Cash Per Unit Cost*:	\$726,135

<b>Construction Financing</b>		<b>Permanent Financing</b>	
Source	Amount	Source	Amount
Pacific Western Bank	\$29,678,188	Pacific Western Bank	\$4,811,000
**HASLO Public Funds	\$13,600,000	**HASLO Public Funds	\$13,600,000
County of San Luis Obispo	\$1,900,000	County of San Luis Obispo	\$2,000,000
City of San Luis Obispo	\$1,700,000	City of San Luis Obispo	\$1,700,000
Deferred Costs	\$2,138,181	Tax Equity Credit	\$28,644,121
Tax Credit Equity	\$2,801,985	<b>TOTAL</b>	<b>\$50,755,121</b>

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

\*\* Housing Authority of San Luis Obispo

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$29,757,336
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$5,386,864
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$38,684,537
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$5,386,864
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$2,500,000
Maximum Annual Federal Credit, Acquisition:	\$215,475
Total Maximum Annual Federal Credit:	\$2,715,475
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.87241
State Tax Credit Factor:	\$0.80992

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>Special Needs</b>
Self-Score Final	<b>62.738%</b>
CTCAC Final:	<b>62.738%</b>

**Significant Information / Additional Conditions:**

The applicant should be using the lesser of the sale price or appraised value in the budget, so CTCAC staff reduced the residential commercial acquisition costs by \$1,063,233 with the cost savings prorated between residential and commercial land and improvements. As a result, the amount of recommended state credits was reduced from \$9,750,424 to \$8,437,660.

**Resyndication and Resyndication Transfer Event:** None.

### **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

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 ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
Within ½ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	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
<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.**