

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 30, 2022

Brentwood Crossing, located at 7350 Willis Avenue in Bakersfield, requested and is being recommended for a reservation of \$4,689,063 in state farmworker credits, which is in addition to a previous reservation of \$847,891 in annual federal tax credits and \$6,359,186 in total state tax credits to finance the new construction of 57 units of housing, of which 57 units will serve farmworkers, serving large families with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Danco Communities and will be located in Senate District 16 and Assembly District 34.

The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

Project Number CA-21-456

Project Name Brentwood Crossings
Site Address: 7350 Willis Avenue
 Bakersfield, CA 93006
County: Kern
Census Tract: 9.07

Tax Credit Amounts	Federal/Annual	State/Total **
Requested:	\$0	\$4,689,063
Recommended:	\$0	\$4,689,063 **

**Farmworker State Credits - Applicant has elected to sell (certificate) state credits.

Applicant Information

Applicant: Valley Initiative for Affordable Housing
Contact: Chris Dart
Address: 5251 Ericson Way
 Arcata, CA 95521
Phone: 707-825-1531
Email: cdart@danco-group.com

General Partner(s) or Principal Owner(s): Johnson & Johnson Investments, LLC
 Valley Initiative for Affordable Housing

General Partner Type: Joint Venture

Parent Company(ies): Danco Communities
 Valley Initiative for Affordable Housing

Developer: Danco Communities

Bond Issuer: CMFA

Investor/Consultant: Redstone Capital Investment

Management Agent: Danco Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 58
 Total # of Units: 58
 No. / % of Low Income Units: 57 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt/USDA Section 514 Farm Labor/USDA Section 521 Rental Assistance (57 units - 100%)

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
30% AMI: 10	18%
40% AMI: 23	40%
50% AMI: 24	42%

Unit Mix

30 2-Bedroom Units
20 3-Bedroom Units
8 4-Bedroom Units
<hr/> 58 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
5 2 Bedrooms	30%	\$526
12 2 Bedrooms	40%	\$702
13 2 Bedrooms	50%	\$877
3 3 Bedrooms	30%	\$607
8 3 Bedrooms	40%	\$810
8 3 Bedrooms	50%	\$1,013
2 4 Bedrooms	30%	\$678
3 4 Bedrooms	40%	\$904
3 4 Bedrooms	50%	\$1,130
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,200,000
Construction Costs	\$22,197,837
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$500,000
Soft Cost Contingency	\$100,000
Relocation	\$0
Architectural/Engineering	\$698,554
Const. Interest, Perm. Financing	\$2,598,408
Legal Fees	\$155,000
Reserves	\$308,921
Other Costs	\$3,105,847
Developer Fee	\$2,867,259
Commercial Costs	\$0
Total	\$33,731,826

Residential

Construction Cost Per Square Foot:	\$233
Per Unit Cost:	\$581,583
True Cash Per Unit Cost ¹	\$555,203

Construction Financing

Source	Amount
Pacific Western Bank-Tax-Exempt	\$12,200,000
Pacific Western Bank-Taxable	\$7,250,000
Pacific Western Bank-Supplemental	\$8,190,000
Tax Credit Equity	\$6,091,826

Permanent Financing

Source	Amount
Pacific Western Bank	\$7,540,000
USDA 514	\$3,000,000
Deferred Developer Fee	\$1,530,065
Developer Note	\$1,530,065
Photovoltaic Tax Credit	\$242,892
Existing Tax Credit Equity	\$13,242,723
Farmworker Tax Credit Equity	\$3,751,250
TOTAL	\$34,028,624

¹Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$31,468,701
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$0
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$31,468,701
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$0
Total Farmworker State Credit:	\$4,689,063
Approved Developer Fee in Project Cost:	\$2,867,259
Approved Developer Fee in Eligible Basis:	\$2,867,259
Investor/Consultant:	Redstone Capital Investment
State Tax Credit Factor:	\$0.80000

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

Projects with funding and/or subsidy from USDA are required to use Utility Allowances approved by USDA. The applicant’s use of the CUAC is subject to approval by USDA.

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.