

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

Prospera at Homestead, located at the southwest corner of North Parkway and Whispering Way and the northwest corner of Whispering Way and Mourning Dove Drive in Dixon, requested and is being recommended for a reservation of \$1,313,144 in annual federal tax credits and \$6,235,381 in total state tax credits to finance the new construction of 107 units of housing with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Hampstead Development Partners, Inc. and will be located in Senate District 3 and Assembly District 4.

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

Project Number CA-22-592

Project Name Prospera at Homestead
Site Address: Southwest corner of North Parkway and Whispering Way and the northwest corner of Whispering Way and Mourning Dove Drive
Dixon, CA 95620 County: Solano
Census Tract: 2534.03

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,313,144	\$6,235,381
Recommended:	\$1,313,144	\$6,235,381

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

Applicant Information

Applicant: Prospera Homestead Partners, L.P.
Contact: Walter C. McGill, Jr.
Address: 501 Cambridge Court
Alpharetta, GA 30005
Phone: 678-867-6784
Email: waltmcgill@gmail.com

General Partners/Principal Owners: Prospera Homestead GP, LLC
Affordable Housing Community Development Corporation
General Partner Type: Joint Venture
Parent Companies: Oceanside Capital Advisors, LLC
Affordable Housing Community Development Corporation
Developer: Hampstead Development Partners, Inc.
Bond Issuer: California Statewide Communities Development Authority
Management Agent: FPI Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 6
 Total # of Units: 108
 No. / % of Low Income Units: 107 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt/HUD Section 8 Project-based Vouchers
 (8 Units - 7%)

Information

Housing Type: Large Family
 Geographic Area: Northern Region
 CTCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	11	10%
50% AMI:	12	11%
60% AMI:	84	79%

Unit Mix

54 2-Bedroom Units
54 3-Bedroom Units
108 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
4 2 Bedrooms	30%	\$733
1 2 Bedrooms	30%	\$733
6 2 Bedrooms	50%	\$1,222
42 2 Bedrooms	60%	\$1,467
4 3 Bedrooms	30%	\$847
2 3 Bedrooms	30%	\$847
6 3 Bedrooms	50%	\$1,411
42 3 Bedrooms	60%	\$1,694
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,800,000
Construction Costs	\$22,057,190
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,102,859
Soft Cost Contingency	\$0
Relocation	\$0
Architectural/Engineering	\$762,500
Const. Interest, Perm. Financing	\$1,602,259
Legal Fees	\$211,500
Reserves	\$0
Other Costs	\$4,351,646
Developer Fee	\$3,512,998
Commercial Costs	\$0
Total	\$35,400,952

Residential

Construction Cost Per Square Foot:	\$201
Per Unit Cost:	\$327,787
True Cash Per Unit Cost*:	\$318,359

Construction Financing

Source	Amount
Red Stone Tax-Exempt	\$19,000,000
Red Stone Taxable	\$5,113,510
JEN California 6-Loan	\$1,020,812
JEN California 6-Land Donation	\$1,800,000
Deferred Developer Fee	\$1,018,193
Solar Tax Credits	\$189,964
Tax Credit Equity	\$7,258,473

Permanent Financing

Source	Amount
Red Stone Tax-Exempt	\$14,700,000
JEN California 6-Loan	\$1,020,812
JEN California 6-Land Donation	\$1,800,000
Deferred Developer Fee	\$1,018,193
Solar Tax Credits	\$189,964
Tax Credit Equity	\$16,671,983
TOTAL	\$35,400,952

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$32,828,609
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$32,828,609
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,313,144
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,512,998
Federal Tax Credit Factor:	\$0.88500
State Tax Credit Factor:	\$0.81000

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

The current legal description is part of a larger site and the project site’s parcel (legal description and APN) have not yet been finalized. The legal description and APN for CA-22-592 must be completed as part of the Readiness-to-Proceed 180/194-Day package.

The applicant requests and has been granted a waiver of the three-month operating expense reserve requirement as described in CTCAC regulations section 10327(c)(7)(B). The operating deficit guaranty required by the tax credit investor fulfills this CTCAC requirement.

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 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.

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.