CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2022 Second Round
December 28, 2022

Palos Verde Apartments, located at 21797 Reynolds Avenue in Dos Palos, requested and is being recommended for a reservation of $451,838 in annual federal tax credits and $1,505,988 in total state tax credits to finance the rehabilitation of 31 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Impact Development Group, LLC and is located in Senate District 12 and Assembly District 21.

Palos Verde Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, (CA-1995-128). See Resyndication and Resyndication Transfer Event below for additional information. The project will be receiving rental assistance in the form of USDA RHS 515 Rental Assistance.

Project Number	CA-22-076	
Project Name	Palos Verde Apartments	
Site Address:	21797 Reynolds Avenue	
	Dos Palos, CA 93620	County: Merced
Census Tract:	24.020	

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$451,838	$1,505,988
Recommended:	$451,838	$1,505,988

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

Applicant Information

Applicant:	IDG Palos Verde LP
Contact:	Cynthia Michels
Address:	235 Montgomery Street, 30th Floor San Francisco, CA 94104
Phone:	310-386-2464
Email:	cmichels@impactdevgroup.com

General Partner(s) / Principal Owner(s):	Impact Development Group, LLC NHC MGP I LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Impact Development Group LLC National Housing Corporation
Developer:	Impact Development Group, LLC
Investor/Consultant:	Boston Financial
Management Agent(s):	Infinity Management & Investment

Project Information

Construction Type:	Rehabilitation
Total # Residential Buildings:	6
Total # of Units:	32
No. & % of Tax Credit Units:	31 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	USDA RHS 515 Rental Assistance (31 Units - 100%)

Information

Set-Aside:	Rural
Housing Type:	Large Family
Geographic Area:	N/A
CTCAC Project Analyst:	Nick White

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percent of Required Affordable Units
At or Below 30% AMI:	5	15%
At or Below 45% AMI:	12	35%
At or Below 50% AMI (Rural):	8	25%
At or Below 60% AMI:	6	15%

Unit Mix

4	1-Bedroom Units
16	2-Bedroom Units
8	3-Bedroom Units
4	4-Bedroom Units
32	Total Units

Unit Type & Number		2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
1	1 Bedroom	30%	$438
2	2 Bedrooms	30%	$526
1	3 Bedrooms	30%	$607
1	4 Bedrooms	30%	$678
2	1 Bedroom	45%	$658
5	2 Bedrooms	45%	$789
3	3 Bedrooms	45%	$911
2	4 Bedrooms	45%	$1,017
1	1 Bedroom	50%	$731
4	2 Bedrooms	50%	$877
2	3 Bedrooms	50%	$1,013
1	4 Bedrooms	50%	$1,130
5	2 Bedrooms	60%	$1,053
1	3 Bedrooms	60%	$1,215
1	3 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$1,420,150
Construction Costs	$0
Rehabilitation Costs	$3,550,397
Construction Contingency	$493,524
Relocation	$50,000
Architectural/Engineering	$121,000
Const. Interest, Perm. Financing	$173,899
Legal Fees	$125,000
Reserves	$90,153
Other Costs	$113,669
Developer Fee	$654,838
Commercial Costs	$0
Total	**$6,792,630**

Residential

Construction Cost Per Square Foot:	$114
Per Unit Cost:	$212,270
True Cash Per Unit Cost*:	$150,348

Construction Financing

Source	Amount
JP Morgan Chase	$3,355,438
USDA 515	$1,420,150
Acquired Replacement Reserves	$130,000
Deferred Fees and Costs	$493,981
Tax Credit Proceeds	$1,398,751

Permanent Financing

Source	Amount
USDA 515	$1,420,150
Acquired Replacement Reserves	$130,000
Deferred Developer Fee	$61,922
Tax Credit Equity	$5,180,558
TOTAL	**$6,792,630**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$5,020,423
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$5,020,423
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	$451,838
Total State Credit:	$1,505,988
Approved Developer Fee (in Project Cost & Eligible Basis):	$654,838
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	$0.87991
State Tax Credit Factor:	$0.80000

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:	**Large Family**
Self-Score Final:	**33.383%**
CTCAC Final	**13.045%**

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event
Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreement (CA-1995-128). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed.
As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-1995-128) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on CTCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a re-syndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from setting aside a Short Term Work Capitalized Replacement Reserve that is otherwise required.

Local Reviewing Agency
The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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 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.

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.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	**10**	**10**	**10**
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	**10**	**10**	**10**
Site Amenities	**15**	**15**	**15**
Within 1 mile of public park or community center open to general public	3	3	3
Within 2 miles of public library	2	2	2
Within 2 miles of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1 mile of a public high school	3	3	3
Within 1.5 miles of medical clinic or hospital	2	2	2
Within 2 miles of a pharmacy	1	1	1
Service Amenities	**10**	**10**	**10**
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 100 hrs per 100 bdrms	5	5	5
SPECIAL NEEDS HOUSING TYPE			
Lowest Income	**52**	**52**	**52**
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	**10**	**10**	**0**
Miscellaneous Federal and State Policies	**2**	**2**	**2**
Smoke Free Residence	2	2	2
Total Points	**109**	**109**	**99**

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.