

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
May 10, 2023**

Heber Del Sol Family Apartments, located at 194 & 195 Desert Sunrise Avenue in Heber, requested and is being recommended for a reservation of \$827,439 in annual federal tax credits and \$6,205,795 in total state tax credits to finance the new construction of 47 units of housing serving families with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by CRP Affordable Housing and Community Development LLC and will be located in Senate District 40 and Assembly District 56.

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

Project Number CA-23-417

Project Name Heber Del Sol Family Apartments
Site Address: 194 & 195 Desert Sunrise Avenue
Heber, CA 92249
County: Imperial
Census Tract: 113.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$827,439	\$6,205,795
Recommended:	\$827,439	\$6,205,795

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

Applicant Information

Applicant: Pacific Southwest Community Development Corporation
Contact: Robert Laing
Address: 16935 Rancho Bernardo Rd #238
San Diego, CA 92127
Phone: 858- 675-0506
Email: robertlaing@pswcdc.org

General Partner(s) or Principal Owner(s): CRP Heber Del Sol Family Apartments AGP LLC
Pacific Southwest Community Development Corporation
General Partner Type: Joint Venture
Parent Company(ies): CRP Affordable Housing and Community Development
Pacific Southwest Community Development Corporation
Developer: CRP Affordable Housing and Community Development
Bond Issuer: California Municipal Finance Authority
Investor/Consultant: Hunt Capital Partners
Management Agent: AWI Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 48
 No. / % of Low Income Units: 47 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / USDA 521 Rental Assistance (47 Units - 100%)

Information

Housing Type: Large Family
 Geographic Area: Inland Empire Region
 CTCAC Project Analyst: Franklin Cui

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	5	11%
40% AMI:	17	36%
50% AMI:	25	53%

Unit Mix

12 1-Bedroom Units
 24 2-Bedroom Units
 12 3-Bedroom Units

 48 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
7 1 Bedroom	50%	\$731
4 1 Bedroom	40%	\$585
1 1 Bedroom	30%	\$438
12 2 Bedrooms	50%	\$877
9 2 Bedrooms	40%	\$702
2 2 Bedrooms	30%	\$526
6 3 Bedrooms	50%	\$1,013
4 3 Bedrooms	40%	\$810
2 3 Bedrooms	30%	\$607
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$920,000
Construction Costs	\$12,037,648
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$624,000
Soft Cost Contingency	\$248,175
Relocation	\$0
Architectural/Engineering	\$1,321,920
Const. Interest, Perm. Financing	\$2,740,402
Legal Fees	\$345,000
Reserves	\$493,178
Other Costs	\$1,144,318
Developer Fee	\$2,698,172
Commercial Costs	\$0
Total	\$22,572,813

Residential

Construction Cost Per Square Foot:	\$218
Per Unit Cost:	\$470,267
True Cash Per Unit Cost*:	\$464,593

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citi	\$11,494,431	Citi	\$2,410,601
Citi (Taxable)	\$335,696	USDA Tranche B	\$1,900,000
Joe Serna	\$4,894,682	Joe Serna	\$4,894,682
Deferred Costs	\$2,750,456	FHLB AHP	\$705,000
Federal Tax Credit Equity	\$1,778,817	Deferred Developer Fee	\$272,338
State Tax Credit Equity	\$1,318,731	Tax Credit Equity	\$12,390,192
		TOTAL	\$22,572,813

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$20,685,983
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$20,685,983
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$827,439
Total State Credit:	\$6,205,795
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,698,172
Investor/Consultant:	Hunt Capital Partners
Federal Tax Credit Factor:	\$0.85991
State Tax Credit Factor:	\$0.85000

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 reservation of tax credits is contingent upon verification by USDA of the rental subsidy contract rent amounts within 180 days of the date of reservation.

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.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).