CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 10, 2023

Heywood Gardens, located at 1770 Heywood Street in Simi Valley, requested and is being recommended for a reservation of $1,181,790 in annual federal tax credits to finance the acquisition & rehabilitation of 74 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Mansermar Development, LLC (fka Psalms 127, LLC) and is located in Senate District 27 and Assembly District 42.

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

Project Number CA-23-423

Project Name Heywood Gardens
Site Address: 1770 Heywood Street
Simi Valley, CA 93065
County: Ventura
Census Tract: 78.00

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,181,790	$0
Recommended:	$1,181,790	$0

Applicant Information
Applicant: Heywood Gardens, LP
Contact: Mark Kemp
Address: 1720 Gracewood Parkway
Bishop, GA 30621
Phone: 706-354-3885
Email: mkemp@rebuildamericainc.com

General Partner(s) or Principal Owner(s): Rebuild America - Simi Valley, LLC
General Partner Type: Nonprofit
Parent Company(ies): Rebuild America, Inc.
Developer: Mansermar Development, LLC (fka Psalms 127, LLC)
Bond Issuer: California Municipal Finance Authority
Investor/Consultant: Red Stone Equity Partners
Management Agent: Mansermar, Inc.
Barker Management, Incorporated

Project Information
Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 1
Total # of Units: 75
No. / % of Low Income Units: 74 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (74 Units - 100%)

Information

Housing Type:	Non-Targeted
Geographic Area:	Central Coast Region
CTCAC Project Analyst:	Cynthia Compton

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	8	11%
60% AMI:	58	78%

Unit Mix

74	1-Bedroom Units
1	2-Bedroom Units
75	Total Units

Unit Type & Number		2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
14	1 Bedroom	60%	$1,411
2	1 Bedroom	50%	$1,176
2	1 Bedroom	30%	$705
44	1 Bedroom	60%	$1,411
6	1 Bedroom	50%	$1,176
6	1 Bedroom	30%	$705
1	2 Bedrooms	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$13,900,000
Construction Costs	$0
Rehabilitation Costs	$8,128,629
Construction Hard Cost Contingency	$986,776
Soft Cost Contingency	$40,998
Relocation	$300,000
Architectural/Engineering	$265,500
Const. Interest, Perm. Financing	$1,933,823
Legal Fees	$335,000
Reserves	$702,836
Other Costs	$487,048
Developer Fee	$2,506,375
Commercial Costs	$0
Total	**$29,586,985**

Residential

Construction Cost Per Square Foot:	$156
Per Unit Cost:	$394,493
True Cash Per Unit Cost*:	$387,595

Construction Financing

Source	Amount
Citibank, N.A. Tax-Exempt	$14,915,603
Citibank, N.A. Taxable	$935,525
Reserve Carryover	$329,896
Operating Income	$464,830
Seller Note	$9,000,000
Deferred Costs	$1,884,816
Tax Equity Credit	$2,056,315

Permanent Financing

Source	Amount
Citibank, N.A. Tax Exempt	$5,093,309
Reserve Transfer	$329,896
Operating Income	$464,830
Seller Note	$12,900,000
Deferred Developer Fee	$517,375
Tax Credit Equity	$10,281,575
TOTAL	**$29,586,985**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$12,420,739
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$13,400,750
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$16,146,961
Qualified Basis (Acquisition):	$13,400,750
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	$645,760
Maximum Annual Federal Credit, Acquisition:	$536,030
Total Maximum Annual Federal Credit:	$1,181,790
Approved Developer Fee in Project Cost:	$2,506,375
Approved Developer Fee in Eligible Basis:	$2,506,375
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	$0.87000

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: None.

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).