

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

The Pardes 1, located at 8310 Poppy Ridge Road in Elk Grove, requested and is being recommended for a reservation of \$2,662,227 in annual federal tax credits and \$15,104,125 in total state tax credits to finance the new construction of 95 units of housing serving families with rents affordable to households earning 30%-80% 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 8 and Assembly District 10.

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

Project Number CA-23-446
Project Name The Pardes 1
Site Address: 8310 Poppy Ridge Road
Elk Grove, CA 95757
County: Sacramento
Census Tract: 96.38

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,662,227	\$15,104,125
Recommended:	\$2,662,227	\$15,104,125

* 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 W Bernardo Drive, Suite 238
San Diego, CA 92127
Phone: 760-809-5005
Email: robertlaing@pswcdc.org

General Partner(s) or Principal Owner(s): CRP The Pardes 1 AGP LLC
Pacific Southwest Community Development Corporation
General Partner Type: Joint Venture
Parent Company(ies): CRP Affordable Housing and Community Development LLC
Pacific Southwest Community Development Corporation
Developer: CRP Affordable Housing and Community Development LLC
Bond Issuer: California Housing Finance Agency
Investor/Consultant: Red Stone Equity Partners
Management Agent: John Stewart Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 3
Total # of Units: 96
No. / % of Low Income Units: 95 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (8 Units - 8%)

Information

Housing Type: Large Family
Geographic Area: Capital Region
CTCAC Project Analyst: Cynthia Compton

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	34	36%
60% AMI:	15	16%
80% AMI:	46	48%

Unit Mix

42 1-Bedroom Units
24 2-Bedroom Units
30 3-Bedroom Units
96 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
19 1 Bedroom	80%	\$1,521
7 1 Bedroom	60%	\$1,140
12 1 Bedroom	30%	\$570
4 1 Bedroom	30%	\$570
12 2 Bedrooms	80%	\$1,824
4 2 Bedrooms	60%	\$1,368
4 2 Bedrooms	30%	\$684
4 2 Bedrooms	30%	\$684
15 3 Bedrooms	80%	\$2,108
4 3 Bedrooms	60%	\$1,581
10 3 Bedrooms	30%	\$790
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,192,373
Construction Costs	\$30,650,196
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,589,000
Soft Cost Contingency	\$553,157
Relocation	\$0
Architectural/Engineering	\$1,500,000
Const. Interest, Perm. Financing	\$4,031,813
Legal Fees	\$275,000
Reserves	\$449,054
Other Costs	\$6,619,503
Developer Fee	\$6,677,827
Commercial Costs	\$0
Total	\$54,537,923

Residential

Construction Cost Per Square Foot:	\$250
Per Unit Cost:	\$568,103
True Cash Per Unit Cost*:	\$524,584

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Greystone Tax-Exempt	\$28,371,084	Greystone	\$10,084,555
Greystone Recycled Bonds	\$3,500,000	Greystone B-Bond	\$3,500,000
Greystone Taxable	\$4,734,662	Deferred Developer Fee	\$4,177,827
Deferred Cost	\$6,752,726	Solar Tax Credit Equity	\$209,698
Solar Tax Credit Equity	\$209,698	Tax Credit Equity	\$36,565,843
Federal Tax Credit Equity	\$7,027,576		
State Tax Credit Equity	\$3,942,177	TOTAL	\$54,537,923

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$51,196,671
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$66,555,672
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,662,227
Total State Credit:	\$15,104,125
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,677,827
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.87991
State 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).