

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

Buellton Garden Apartments, located at 10 McMurray Road in Buellton, requested and is being recommended for a reservation of \$2,969,311 in annual federal tax credits and \$7,091,790 in total state tax credits to finance the new construction of 88 units of housing serving families with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by People's Self-Help Housing Corporation and will be located in Senate District 19 and Assembly District 37.

The project financing includes state funding from the Multifamily Housing Program (MHP) Veterans Housing and Homelessness Prevention (VHHP), and Joe Serna Jr Farmworker Housing Grant (FWHG) program(s) of HCD.

Project Number CA-23-497

Project Name Buellton Garden Apartments
Site Address: 10 McMurray Road
Buellton, CA 93427
County: Santa Barbara
Census Tract: 19.12

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,969,311	\$7,091,790
Recommended:	\$2,969,311	\$7,091,790

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

Applicant Information

Applicant: People's Self-Help Housing Corporation
Contact: Kenneth Trigueiro
Address: 1040 Kendall Road
San Luis Obispo, CA 93401
Phone: 805-540-2453
Email: kennethtrigueiro@pshhc.org

General Partner(s) or Principal Owner(s): Buellton Garden Apartments, LLC
General Partner Type: Nonprofit
Parent Company(ies): People's Self-Help Housing Corporation
Developer: People's Self-Help Housing Corporation
Bond Issuer: California Municipal Finance Authority
Investor/Consultant: California Housing Partnership
Management Agent: People's Self-Help Housing Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 89
 No. / % of Low Income Units: 88 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: Central Coast Region
 CTCAC Project Analyst: Nick White

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	16	18%
40% AMI:	42	48%
50% AMI:	30	34%

Unit Mix

30 1-Bedroom Units
 37 2-Bedroom Units
22 3-Bedroom Units
 89 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
5 1 Bedroom	30%	\$786
14 1 Bedroom	40%	\$1,048
11 1 Bedroom	50%	\$1,310
8 2 Bedrooms	30%	\$943
20 2 Bedrooms	40%	\$1,258
8 2 Bedrooms	50%	\$1,572
3 3 Bedrooms	30%	\$1,089
8 3 Bedrooms	40%	\$1,453
11 3 Bedrooms	50%	\$1,816
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,065,741
Construction Costs	\$41,624,035
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,096,502
Soft Cost Contingency	\$605,073
Relocation	\$0
Architectural/Engineering	\$1,100,000
Const. Interest, Perm. Financing	\$6,260,956
Legal Fees	\$157,500
Reserves	\$610,673
Other Costs	\$3,869,434
Developer Fee	\$3,500,000
Commercial Costs	\$0
Total	\$61,889,914

Residential

Construction Cost Per Square Foot:	\$425
Per Unit Cost:	\$695,392
True Cash Per Unit Cost*:	\$680,786

Construction Financing

Source	Amount
Pacific Western Bank Tax-Exempt	\$32,382,281
Pacific Western Bank Taxable	\$17,947,035
HCD Joe Serna Farmworker	\$5,260,770
Cost Deferral	\$1,862,163
Deferred Developer Fee	\$1,300,000
Tax Credit Equity	\$3,137,665

Permanent Financing

Source	Amount
Pacific Western Bank	\$3,830,000
HCD MHP	\$19,155,000
HCD Joe Serna Farmworker	\$5,260,770
Deferred Developer Fee	\$1,300,000
Tax Credit Equity	\$32,344,144
TOTAL	\$61,889,914

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$57,102,133
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$74,232,773
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,969,311
Total State Credit:	\$7,091,790
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.88696
State Tax Credit Factor:	\$0.84710

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

Development costs are approximately \$680,786 per unit. The high costs are a result of the off-site costs, labor shortages, and an increase of development costs and prevailing wages.

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).