

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 First Round

July 26, 2023

Cleaver & Clark Commons, located at 1206 W Grand and 164 South 13th Street in Grover Beach , requested and is being recommended for a reservation of \$2,192,140 in annual federal tax credits to finance the new construction of 52 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by People's Self-Help Housing and will be located in Senate District 17 and Assembly District 30.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Multifamily Housing Program (MHP), Joe Serna Farmworkers Housing Grant (FWHG), and Permanent Local Housing Allocation (PLHA) programs of HCD.

Project Number CA-23-030

Project Name Cleaver & Clark Commons
Site Address: 1206 W Grand and 164 South 13th Street
Grover Beach, CA 93433
County: San Luis Obispo
Census Tract: 120.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,192,140	\$0
Recommended:	\$2,192,140	\$0

Applicant Information

Applicant: Cleaver & Clark Commons, L.P.
Contact: Veronica Garcia
Address: 1060 Kendall Road
San Luis Obispo, CA 93041
Phone: (805) 651-3592
Email: veronicag@pshhc.org

General Partner(s) / Principal Owner(s): Cleaver & Clark Commons, LLC
San Luis Obispo Nonprofit Group
People's Self-Help Housing Corporation
General Partner Type: Joint Venture
Parent Company(ies): People's Self-Help Housing Corp
San Luis Obispo Nonprofit Group
People's Self-Help Housing Corporation
Developer: People's Self-Help Housing
San Luis Obispo Nonprofit Group
Investor/Consultant: California Housing Partnership
Management Agent(s): The Duncan Group

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 53
No. & % of Tax Credit Units: 52 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (21 Units - 40%)

Information

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

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AMI:	25	45%
At or Below 50% AMI:	10	15%

Unit Mix

24 1-Bedroom Units
 15 2-Bedroom Units
14 3-Bedroom Units
 53 Total Units

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 1 Bedroom	30%	\$410
3 2 Bedrooms	30%	\$492
7 1 Bedroom	30%	\$615
3 2 Bedrooms	30%	\$738
5 3 Bedrooms	30%	\$853
1 1 Bedroom	30%	\$615
2 2 Bedrooms	30%	\$738
1 3 Bedrooms	30%	\$853
5 1 Bedroom	50%	\$1,026
3 2 Bedrooms	50%	\$1,231
2 3 Bedrooms	50%	\$1,422
8 1 Bedroom	60%	\$1,231
4 2 Bedrooms	60%	\$1,477
5 3 Bedrooms	60%	\$1,707
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,992,360
Construction Costs	\$25,110,015
Rehabilitation Costs	\$0
Construction Contingency	\$1,657,613
Relocation	\$0
Architectural/Engineering	\$1,000,000
Const. Interest, Perm. Financing	\$5,082,294
Legal Fees	\$450,000
Reserves	\$385,507
Other Costs	\$2,093,944
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$40,971,733

Residential

Construction Cost Per Square Foot:	\$495
Per Unit Cost:	\$773,052
True Cash Per Unit Cost*:	\$773,052

Construction Financing

Source	Amount
Chase Bank	\$26,913,034
HCD: Joe Serna	\$2,774,332
HASLO ¹	\$1,618,000
SLOC: Housing Trust Fund ²	\$1,100,000
City of Grover Beach: PLHA	\$4,750,000
Deferred Costs	\$1,622,238
Tax Credit Equity	\$2,194,129

Permanent Financing

Source	Amount
Chase Bank	\$4,017,000
HCD: MHP	\$8,077,499
HCD: Joe Serna	\$2,774,332
HASLO ¹	\$1,618,000
SLOC: Housing Trust Fund ²	\$1,100,000
City of Grover Beach: PLHA	\$4,750,000
Tax Credit Equity	\$18,634,902

¹Housing Authority of San Luis Obispo

²San Luis Obispo County

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$24,357,109
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$24,357,109
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,192,140
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.85008

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:	72.495%
CTCAC Final:	73.294%

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$773,052. The applicant noted that the high per unit cost is attributed to prevailing wage requirements, high and unpredictable interest rates, and increased insurance cost.

The current legal description is part of a larger site and the project site’s parcel (legal description and APN) have not yet been finalized. The legal description and APN for CA-23-030 must be completed as part of the placed in service package.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Grover Beach, has completed a site review of this project and strongly supports this project.

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 1/3 mile of transit station or public bus stop	4	4	4
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of public library	3	3	3
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1/4 mile of a public elementary school	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within 1/2 mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Other Services Specialist, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
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	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	109

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.