

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 First Round

July 26, 2023

Bridge Street Family Apartments, located at 279 Bridge Street in San Luis Obispo, requested and is being recommended for a reservation of \$2,098,870 in annual federal tax credits to finance the new construction of 30 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by San Luis Obispo Nonprofit Housing Corporation 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.

Project Number CA-23-055

Project Name Bridge Street Family Apartments
Site Address: 279 Bridge Street
San Luis Obispo, CA 93401
County: San Luis Obispo
Census Tract: 111.03

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,098,870	\$0
Recommended:	\$2,098,870	\$0

Applicant Information

Applicant: San Luis Obispo Nonprofit Housing Corporation
Contact: Ken Litzinger
Address: 487 Leff Street
San Luis Obispo, CA 93401
Phone: (805) 594-5304
Email: klitzinger@haslo.org

General Partner(s) / Principal Owner(s): San Luis Obispo Nonprofit Housing Corporation
General Partner Type: Nonprofit
Parent Company(ies): San Luis Obispo Nonprofit Housing Corporation
Developer: San Luis Obispo Nonprofit Housing Corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent(s): Housing Authority of San Luis Obispo

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 31
No. & % of Tax Credit Units: 30 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (8 Units - 27%)

Information

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

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:	6	20%
At or Below 50% AMI:	13	40%
At or Below 60% AMI:	11	35%

Unit Mix

14 1-Bedroom Units
8 2-Bedroom Units
9 3-Bedroom Units
<u>31 Total Units</u>

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

Project Cost Summary at Application

Land and Acquisition	\$2,700,000
Construction Costs	\$13,653,889
Rehabilitation Costs	\$0
Construction Contingency	\$965,333
Relocation	\$0
Architectural/Engineering	\$624,766
Const. Interest, Perm. Financing	\$2,750,427
Legal Fees	\$65,000
Reserves	\$117,172
Other Costs	\$1,925,302
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$25,001,889

Residential

Construction Cost Per Square Foot:	\$470
Per Unit Cost:	\$806,513
True Cash Per Unit Cost*:	\$806,513

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Pacific Western Bank	\$18,420,389	Pacific Western Bank	\$3,065,000
HASLO ¹	\$1,100,000	HASLO ¹	\$1,100,000
City of San Luis Obispo	\$1,200,000	City of San Luis Obispo	\$1,200,000
City Impact Fee Deferrals	\$1,188,809	City Impact Fee Deferrals	\$1,188,809
Deferred Costs	\$1,454,882	Tax Credit Equity	\$18,448,080
Tax Credit Equity	\$1,637,808	TOTAL	\$25,001,889

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

¹Housing Authority of San Luis Obispo

Determination of Credit Amount(s)

Requested Eligible Basis:	\$17,939,064
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$23,320,783
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,098,870
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.87895

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:	43.544%
CTCAC Final:	43.544%

Significant Information / Additional Conditions:

Staff noted a per unit development cost of \$806,513. The applicant noted that the high per unit cost is attributed to site preparation to support the concrete podium upon which the apartments will be built. Additionally, The project requires a highly complete water mitigation, and a sewer lift station with non-electric back up power in the event of an outage, due wildfires or other circumstances. These site conditions are the reason for the high cost of the project.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, the City of San Luis Obispo, 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

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 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Highest or High Resource Area	8	8	8
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
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	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
State Credit Substitution	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 REAPPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.