

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2023 First Round**

**July 26, 2023**

Orcutt Road Apartments (aka Maxine Lewis), located at 736 Orcutt Road in San Luis Obispo, requested and is being recommended for a reservation of \$1,172,101 in annual federal tax credits to finance the new construction of 39 units of housing serving special needs tenants with rents affordable to households earning 30%-40% 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-23-056

**Project Name** Orcutt Road Apartments (aka Maxine Lewis)

Site Address: 736 Orcutt Road  
San Luis Obispo, CA 93401  
County: San Luis Obispo  
Census Tract: 111.04

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,172,101	\$0
Recommended:	\$1,172,101	\$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  
Management Agent(s): Housing Authority of San Luis Obispo

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 40  
No. & % of Tax Credit Units: 39 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HUD Section 8 Project-based Vouchers (39 Units - 100%)

**Information**

Set-Aside: Special Needs  
Housing Type: Special Needs  
Type of Special Needs: Homeless / Formerly Homeless  
Average Targeted Affordability of Special Needs/SRO Project Units: 34.00%  
% of Special Need Units: 30 units 76.92%  
Geographic Area: N/A  
CTCAC Project Analyst: Brett Andersen

**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:	20	51%
At or Below 40% AMI:	19	49%

**Unit Mix**

36 SRO/Studio Units
3 1-Bedroom Units
1 2-Bedroom Units
<u>40 Total Units</u>

<u>Unit Type &amp; Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
18 SRO/Studio	30%	\$574
2 1 Bedroom	30%	\$615
18 SRO/Studio	40%	\$766
1 1 Bedroom	40%	\$821
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$3,438,000
Construction Costs	\$10,062,485
Rehabilitation Costs	\$0
Construction Contingency	\$716,873
Relocation	\$0
Architectural/Engineering	\$476,924
Const. Interest, Perm. Financing	\$1,498,213
Legal Fees	\$0
Reserves	\$172,218
Other Costs	\$1,306,848
Developer Fee	\$2,035,179
Commercial Costs	\$0
<b>Total</b>	<b>\$19,706,740</b>

## Residential

Construction Cost Per Square Foot:	\$495
Per Unit Cost:	\$492,669
True Cash Per Unit Cost*:	\$469,757

### Construction Financing

Source	Amount
Pacific Western Bank	\$10,291,863
County of San Luis Obispo	\$420,541
City of San Luis Obispo - AHF	\$2,000,000
HASLO Public Funds Loan 1	\$2,333,535
HASLO Public Funds Loan 2	\$516,545
Housing Trust Fund	\$1,000,000
Fee Deferral Loan	\$916,465
Deferred Costs	\$1,414,726
Tax Credit Equity	\$813,065

### Permanent Financing

Source	Amount
Pacific Western Bank	\$2,319,000
County of San Luis Obispo	\$420,541
City of San Luis Obispo - AHF	\$2,000,000
HASLO Public Funds Loan 1	\$2,333,535
HASLO Public Funds Loan 2	\$516,545
Housing Trust Fund	\$1,000,000
Fee Deferral Loan	\$916,465
Tax Credit Equity	\$10,200,654
<b>TOTAL</b>	<b>\$19,706,740</b>

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

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$10,017,955
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$13,023,342
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,172,101
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.87029

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:	<b>Special Needs</b>
Self-Score Final:	<b>83.999%</b>
CTCAC Final:	<b>81.865%</b>

**Significant Information / Additional Conditions:** None.

**Resyndication and Resyndication Transfer Event:** None.

### Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

## **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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
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 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Special Needs project within 1 mile of facility serving tenant population	2	2	2
Within 1 mile of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**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.**