

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 First Round

July 26, 2023

Rose Town Apartments, located at 170 North Halstead Street in Pasadena, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$8,931,998 in total state tax credits to finance the new construction of 47 units of housing serving families with rents affordable to households earning 30%-60% 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 25 and Assembly District 41.

Project Number CA-23-070

Project Name Rose Town Apartments
Site Address: 170 North Halstead Street
Pasadena, CA 91107
County: Los Angeles
Census Tract: 4630.03

| Tax Credit Amounts | Federal/Annual | State/Total * |
|---------------------------|-----------------------|----------------------|
| Requested: | \$2,500,000 | \$8,931,998 |
| Recommended: | \$2,500,000 | \$8,931,998 |

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

Applicant Information

Applicant: Central Valley Coalition for Affordable Housing
Contact: Christina Alley
Address: 3351 M Street #100
Merced, CA 95348
Phone: (209)388-0782
Email: chris@centralvalleycoalition.com

General Partner(s) / Principal Owner(s): Central Valley Coalition for Affordable Housing
Rose Town Apartments AGP LLC
General Partner Type: Joint Venture
Parent Company(ies): Central Valley Coalition for Affordable Housing
Central Valley Coalition for Affordable Housing
Developer: CRP Affordable Housing and Community
Development LLC
Investor/Consultant: CREA LLC
Management Agent(s): Hyder & Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 48
No. & % of Tax Credit Units: 47 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: None.

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Balance of Los Angeles County
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: | 10 | 20% |
| At or Below 40% AMI: | 10 | 20% |
| At or Below 60% AMI: | 27 | 55% |

Unit Mix

| |
|-----------------------|
| 10 SRO/Studio Units |
| 10 1-Bedroom Units |
| 15 2-Bedroom Units |
| 13 3-Bedroom Units |
| <u>48 Total Units</u> |

| <u>Unit Type & Number</u> | <u>2022 Rents Targeted % of Area Median Income</u> | <u>Proposed Rent (including utilities)</u> |
|-------------------------------|--|--|
| 6 SRO/Studio | 60% | \$1,251 |
| 2 SRO/Studio | 40% | \$834 |
| 2 SRO/Studio | 30% | \$625 |
| 6 1 Bedroom | 60% | \$1,340 |
| 2 1 Bedroom | 40% | \$893 |
| 2 1 Bedroom | 30% | \$670 |
| 9 2 Bedrooms | 60% | \$1,608 |
| 3 2 Bedrooms | 40% | \$1,072 |
| 3 2 Bedrooms | 30% | \$804 |
| 6 3 Bedrooms | 60% | \$1,858 |
| 3 3 Bedrooms | 40% | \$1,239 |
| 3 3 Bedrooms | 30% | \$929 |
| 1 3 Bedrooms | Manager's Unit | \$0 |

Project Cost Summary at Application

| | |
|----------------------------------|---------------------|
| Land and Acquisition | \$3,250,000 |
| Construction Costs | \$21,159,225 |
| Rehabilitation Costs | \$0 |
| Construction Contingency | \$1,339,272 |
| Relocation | \$0 |
| Architectural/Engineering | \$1,200,000 |
| Const. Interest, Perm. Financing | \$2,132,715 |
| Legal Fees | \$225,000 |
| Reserves | \$200,118 |
| Other Costs | \$3,208,318 |
| Developer Fee | \$2,200,000 |
| Commercial Costs | \$0 |
| Total | \$34,914,648 |

Residential

| | |
|------------------------------------|-----------|
| Construction Cost Per Square Foot: | \$444 |
| Per Unit Cost: | \$727,389 |
| True Cash Per Unit Cost*: | \$711,617 |

Construction Financing

| Source | Amount |
|---------------------------|--------------|
| Citi Bank | \$17,120,518 |
| Deferred Costs | \$1,925,118 |
| Waived Impact Fees | \$757,048 |
| Federal Tax Credit Equity | \$11,248,875 |
| State Tax Credit Equity | \$3,863,089 |

Permanent Financing

| Source | Amount |
|---------------------|---------------------|
| Citi Bank Tranche A | \$3,933,672 |
| Waived Impact Fees | \$757,048 |
| Tax Credit Equity | \$30,223,928 |
| TOTAL | \$34,914,648 |

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

Determination of Credit Amount(s)

| | |
|--|--------------|
| Requested Eligible Basis: | \$29,773,325 |
| 130% High Cost Adjustment: | Yes |
| Applicable Fraction: | 100.00% |
| Qualified Basis: | \$29,773,325 |
| Applicable Rate: | 9.00% |
| Total Maximum Annual Federal Credit: | \$2,500,000 |
| Total State Credit: | \$8,931,998 |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$2,200,000 |
| Investor/Consultant: | CREA LLC |
| Federal Tax Credit Factor: | \$0.89991 |
| State Tax Credit Factor: | \$0.86500 |

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: | 29.531% |
| CTCAC Final: | 29.368% |

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$711,617. The applicant noted that the high per unit cost is attributed to sincreased labor cost, increased interest rates, and the fact that the project is being built as a high-rise.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Pasadena, 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, service every 30 min, 25 units/acre density | 7 | 7 | 7 |
| Within 3/4 mile of public park or community center open to general public | 2 | 2 | 2 |
| Within 1 mile of public library | 2 | 2 | 2 |
| Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf | 5 | 5 | 5 |
| Within 1 mile of a public high school | 3 | 3 | 3 |
| Within 1/2 mile of medical clinic or hospital | 3 | 3 | 3 |
| Within 1/2 mile of a pharmacy | 2 | 2 | 2 |
| Highest or High Resource Area | 8 | 8 | 8 |
| Service Amenities | 10 | 10 | 10 |
| LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES | | | |
| Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction | 7 | 7 | 7 |
| Health & wellness services and programs, minimum 60 hrs per 100 bdrms | 3 | 3 | 3 |
| 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.