

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
August 23, 2023**

Pacific Station North Apartments, located at 902, 912, and 920 Pacific Avenue & 333 and 433 Front Street in Santa Cruz, requested and is being recommended for a reservation of \$5,402,622 in annual federal tax credits to finance the new construction of 126 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by For the Future Housing, Inc. and will be located in Senate District 17 and Assembly District 28.

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 Infill Infrastructure Grant (IIG) and Affordable Housing and Sustainable Communities (AHSC) programs of HCD.

Project Number CA-23-544

Project Name Pacific Station North Apartments
Site Address: 902, 912, and 920 Pacific Avenue & 333 and 433 Front Street
Santa Cruz, CA 95060
County: Santa Cruz
Census Tract: 1010.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$5,402,622	\$0
Recommended:	\$5,402,622	\$0

Applicant Information

Applicant: 902 Pacific Avenue Investors, L.P.
Contact: Andrea Osgood
Address: 22645 Grand Street
Hayward, CA 94541
Phone: 510-247-8103
Email: aosgood@edenhousing.org

General Partner(s) or Principal Owner(s): Eden 902 Pacific Avenue, LLC
FTF 902 Pacific Avenue, LLC
General Partner Type: Joint Venture
Parent Company(ies): Eden Housing, Inc.
For the Future Housing, Inc.
Developer: For the Future Housing, Inc.
Bond Issuer: California Municipal Finance Authority
Investor/Consultant: Communities Economics Inc.
Management Agent: Eden Housing Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 128
 No. / % of Low Income Units: 126 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME / HUD Section 8 Project-based Vouchers (42 Units - 33%)

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:	32	25%
50% AMI:	58	46%
60% AMI:	36	29%

Unit Mix

12 SRO/Studio Units
51 1-Bedroom Units
33 2-Bedroom Units
32 3-Bedroom Units
128 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
6 SRO/Studio	30%	\$817
2 SRO/Studio	50%	\$1,361
3 SRO/Studio	60%	\$1,633
19 1 Bedroom	30%	\$875
7 1 Bedroom	50%	\$1,458
11 1 Bedroom	50%	\$1,458
13 1 Bedroom	60%	\$1,750
4 2 Bedrooms	30%	\$1,050
5 2 Bedrooms	50%	\$1,750
13 2 Bedrooms	50%	\$1,750
10 2 Bedrooms	60%	\$2,100
2 3 Bedrooms	30%	\$1,213
6 3 Bedrooms	50%	\$2,021
14 3 Bedrooms	50%	\$2,021
10 3 Bedrooms	60%	\$2,425
1 SRO/Studio	30%	\$817
1 1 Bedroom	Manager's Unit	\$0
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,122,902
Construction Costs	\$75,212,001
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,837,204
Soft Cost Contingency	\$524,051
Relocation	\$0
Architectural/Engineering	\$2,329,525
Const. Interest, Perm. Financing	\$16,088,420
Legal Fees	\$92,868
Reserves	\$1,335,728
Other Costs	\$4,811,198
Developer Fee	\$8,500,000
Commercial Costs	\$2,000,000
Total	\$116,853,896

Residential

Construction Cost Per Square Foot:	\$578
Per Unit Cost:	\$897,296
True Cash Per Unit Cost*:	\$848,920

Construction Financing

Source	Amount
Chase: Tax-Exempt	\$57,361,103
Chase: Taxable	\$29,116,937
HCD: IIG	\$5,199,263
City of Santa Cruz: HOME	\$3,995,597
City of Santa Cruz: LHTF ¹ & AHTF ²	\$5,000,000
City of Santa Cruz: Commercial	\$2,000,000
Deferred Costs	\$9,055,728
General Partner Equity	\$100
Tax Credit Equity	\$5,125,168

Permanent Financing

Source	Amount
Chase: Tax-Exempt	\$22,417,900
HCD: AHSC	\$20,000,000
HCD: AHSC - Grant	\$302,960
HCD: IIG	\$5,199,263
City of Santa Cruz: HOME	\$3,995,597
City of Santa Cruz: LHTF ¹ & AHTF ²	\$5,000,000
City of Santa Cruz: Commercial	\$2,000,000
Deferred Developer Fee	\$1,300,000
General Partner Equity	\$5,000,000
Tax Credit Equity	\$51,638,176
TOTAL	\$116,853,896

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

¹Local Housing Trust Fund

²Affordable Housing Trust Fund

Determination of Credit Amount(s)

Requested Eligible Basis:	\$103,896,586
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$135,065,562
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$5,402,622
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,500,000
Investor/Consultant:	Communities Economics Inc.
Federal Tax Credit Factor:	\$0.95580

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

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-23-544 must be completed as part of the placed in service package.

The total development cost per unit is \$848,920. The factors contributing to the high cost per unit are offsite improvements, construction loan interest, construction hard cost contingencies, increased construction cost, 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).