

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2023 Second Round**

**November 8, 2023**

Pleasant Grove Apartments Phase I, located at 1721 Pleasant Grove Boulevard in Roseville, requested and is being recommended for a reservation of \$2,294,015 in annual federal tax credits to finance the new construction of 48 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Mercy Housing California and will be located in Senate District 4 and Assembly District 6.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

**Project Number** CA-23-085

**Project Name** Pleasant Grove Apartments Phase I  
Site Address: 1721 Pleasant Grove Boulevard  
Roseville, CA 95747  
County: Placer  
Census Tract: 210.40

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,294,015	\$0
Recommended:	\$2,294,015	\$0

**Applicant Information**

Applicant: Mercy Housing California 101, L.P.  
Contact: Richard C. Ciraulo  
Address: 2512 River Plaza Drive, Suite 200  
Sacramento, CA 95833  
Phone: 916-414-4441  
Email: rciraulo@mercyhousing.org

General Partner(s) / Principal Owner(s): Mercy Housing California 101, LLC  
CTY Housing LLC  
General Partner Type: Joint Venture  
Parent Company(ies): Mercy Housing Calwest  
CTY Housing Inc  
Developer: Mercy Housing California  
Investor/Consultant: California Housing Partnership  
Management Agent(s): Mercy Housing Management Group

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 1  
Total # of Units: 49  
No. & % of Tax Credit Units: 48 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: HUD Section 8 Project-based Vouchers (8 Units - 16.67%)

**Information**

Set-Aside: N/A  
Housing Type: Large Family  
Geographic Area: Capital Region  
CTCAC Project Analyst: Dylan Hervey

**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:	8	15%
At or Below 40% AMI:	6	10%
At or Below 50% AMI:	22	40%
At or Below 60% AMI:	12	25%

**Unit Mix**

15 1-Bedroom Units  
17 2-Bedroom Units  
17 3-Bedroom Units  
49 Total Units

<u>Unit Type &amp; Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	30%	\$603
3 2 Bedrooms	30%	\$723
3 3 Bedrooms	30%	\$836
2 1 Bedroom	40%	\$804
2 2 Bedrooms	40%	\$965
2 3 Bedrooms	40%	\$1,115
7 1 Bedroom	50%	\$1,005
7 2 Bedrooms	50%	\$1,206
8 3 Bedrooms	50%	\$1,393
4 1 Bedroom	60%	\$1,206
4 2 Bedrooms	60%	\$1,447
4 3 Bedrooms	60%	\$1,672
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,681,323
Construction Costs	\$20,325,412
Construction Contingency	\$1,395,021
Architectural/Engineering	\$1,070,342
Const. Interest, Perm. Financing	\$2,424,735
Legal Fees	\$130,000
Reserves	\$191,568
Other Costs	\$2,257,831
Developer Fee	\$2,200,000
<b>Total</b>	<b>\$32,676,232</b>

**Residential**

Construction Cost Per Square Foot:	\$364
Per Unit Cost:	\$666,862
True Cash Per Unit Cost*:	\$623,134

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo	\$18,317,803	CCRC <sup>1</sup>	\$2,527,000
City of Roseville	\$6,000,000	City of Roseville	\$6,000,000
City of Roseville - PIP	\$1,550,000	City of Roseville - PIP <sup>2</sup>	\$1,550,000
Donated Land	\$2,142,660	Donated Land	\$2,142,660
Deferred Costs	\$1,756,658	Tax Credit Equity	\$20,456,572
Tax Credit Equity	\$2,909,111	<b>TOTAL</b>	<b>\$32,676,232</b>

<sup>1</sup>California Community Reinvestment Corporation ("CCRC")

<sup>2</sup>Prohousing Incentive Pilot Funding ("PIP")

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$19,606,967
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$25,489,057
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,294,015
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.89174

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>Large Family</b>
Self-Score Final:	<b>64.583%</b>
CTCAC Final:	<b>64.583%</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 ¾ 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 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within ½ mile of a pharmacy	2	2	2
Highest or High Resource Area	8	8	8
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
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
<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.**