

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 Second Round

November 8, 2023

Euclid Villas Apartments, located at 1735 West Euclid Avenue in El Centro, requested and is being recommended for a reservation of \$840,252 in annual federal tax credits and \$1,929,169 in total state tax credits to finance the acquisition and rehabilitation of 41 units of housing serving families with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Community Preservation Partners, LLC and is located in Senate District 18 and Assembly District 36.

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

Project Number CA-23-094

Project Name Euclid Villas Apartments
Site Address: 1735 West Euclid Avenue
El Centro, CA 92243
County: Imperial
Census Tract: 112.02

| Tax Credit Amounts | Federal/Annual | State/Total * |
|---------------------------|-----------------------|----------------------|
| Requested: | \$840,252 | \$1,929,169 |
| Recommended: | \$840,252 | \$1,929,169 |

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Euclid Villas Community Partners, LP
Contact: Ronald D. Bettencourt
Address: 531 Mill Road
Auburn, CA 95603
Phone: 805-439-0328
Email: whitecapcoastal@sbcglobal.net

General Partner(s) / Principal Owner(s): Bettencourt Properties, INC.
The Beneficial Housing Foundation
General Partner Type: Joint Venture
Parent Company(ies): White Cap Coastal, Inc.
The Beneficial Housing Foundation
Developer: Community Preservation Partners, LLC
Investor/Consultant: WNC & Associates, Inc.
Management Agent(s): AWI Management Corporation

Project Information

Construction Type: Acquisition and Rehabilitation
Total # Residential Buildings: 5
Total # of Units: 42
No. & % of Tax Credit Units: 41 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Contract (42 Units -100%)

Information

| | |
|------------------------|----------------------|
| Set-Aside: | At-Risk |
| Housing Type: | Large Family |
| Geographic Area: | Inland Empire Region |
| CTCAC Project Analyst: | Cynthia Compton |

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: | 5 | 10% |
| At or Below 40% AMI: | 7 | 15% |
| At or Below 50% AMI: | 29 | 40% |

Unit Mix

| |
|---------------------------|
| 28 2-Bedroom Units |
| <u>14 3-Bedroom Units</u> |
| 42 Total Units |

| <u>Unit Type & Number</u> | <u>2023 Rents Targeted % of Area Median Income</u> | <u>Proposed Rent (including utilities)</u> |
|-------------------------------|--|--|
| 3 2 Bedrooms | 30% | \$557 |
| 2 3 Bedrooms | 30% | \$643 |
| 4 2 Bedrooms | 40% | \$743 |
| 3 3 Bedrooms | 40% | \$858 |
| 21 2 Bedrooms | 50% | \$928 |
| 8 3 Bedrooms | 50% | \$1,072 |
| 1 3 Bedrooms | Manager's Unit | \$1,600 |

Project Cost Summary at Application

| | |
|----------------------------------|---------------------|
| Land and Acquisition | \$7,300,000 |
| Construction Costs | \$0 |
| Rehabilitation Costs | \$3,967,119 |
| Construction Contingency | \$546,712 |
| Relocation | \$84,000 |
| Architectural/Engineering | \$176,900 |
| Const. Interest, Perm. Financing | \$1,227,290 |
| Legal Fees | \$50,000 |
| Reserves | \$174,000 |
| Other Costs | \$167,830 |
| Developer Fee | \$1,157,974 |
| Commercial Costs | \$0 |
| Total | \$14,851,825 |

Residential

| | |
|------------------------------------|-----------|
| Construction Cost Per Square Foot: | \$101 |
| Per Unit Cost: | \$353,615 |
| True Cash Per Unit Cost*: | \$351,097 |

Construction Financing

| Source | Amount |
|-------------------------|-------------|
| California Bank & Trust | \$9,000,000 |
| Net Operating Income | \$537,972 |
| Deferred Developer Fee | \$1,052,241 |
| Tax Credit Equity | \$4,261,612 |

Permanent Financing

| Source | Amount |
|-------------------------|---------------------|
| California Bank & Trust | \$5,283,000 |
| Net Operating Income | \$537,972 |
| Deferred Developer Fee | \$105,733 |
| Tax Credit Equity | \$8,925,120 |
| TOTAL | \$14,851,825 |

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

Determination of Credit Amount(s)

| | |
|--|------------------------|
| Requested Eligible Basis (Rehabilitation): | \$6,769,467 |
| 130% High Cost Adjustment: | Yes |
| Requested Eligible Basis (Acquisition): | \$5,775,000 |
| Applicable Fraction: | 100.00% |
| Qualified Basis (Rehabilitation): | \$6,791,616 |
| Applicable Rate: | 9.00% |
| Qualified Basis (Acquisition): | \$5,793,896 |
| Applicable Rate: | 4.00% |
| Maximum Annual Federal Credit, Rehabilitation: | \$608,496 |
| Maximum Annual Federal Credit, Acquisition: | \$231,756 |
| Total Maximum Annual Federal Credit: | \$840,252 |
| Total State Credit: | \$1,896,548 |
| Approved Developer Fee (in Project & Eligible Basis) | \$1,157,974 |
| Investor/Consultant: | WNC & Associates, Inc. |
| Federal Tax Credit Factor: | \$0.89000 |
| State Tax Credit Factor: | \$0.75000 |

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: | 20.327% |
| CTCAC Final: | 16.906% |

Significant Information / Additional Conditions

The applicant has requested and been granted a waiver to reduce the 10% mobility feature requirement under CTCAC Regulation Section 10325(f)(7)(K) down to 5%.

Resyndication and Resyndication Transfer Event: None.

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 ½ mile of public park or community center open to general public | 3 | 3 | 3 |
| Within ½ mile of public library | 3 | 3 | 3 |
| Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf | 5 | 5 | 5 |
| Within ½ mile of a pharmacy | 2 | 2 | 2 |
| 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.