

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 Second Round

November 8, 2023

Olive Tree Senior Citizen Apartments II, located at 1901 7th Avenue in Olivehurst, requested and is being recommended for a reservation of \$564,667 in annual federal tax credits and \$1,882,222 in total state tax credits to finance the acquisition and rehabilitation of 43 units of housing serving seniors with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Dawson Holdings, Inc. and is located in Senate District 6 and Assembly District 3.

The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

Project Number CA-23-145

Project Name Olive Tree Senior Citizen Apartments II

Site Address: 1901 7th Avenue
Olivehurst, CA 95961

County: Yuba

Census Tract: 405

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$564,667	\$1,882,222
Recommended:	\$564,667	\$1,882,222

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

Applicant Information

Applicant: DHI Olive Manor, LP

Contact: Justin Solomon

Address: 7250 Redwood Boulevard, Suite 214
Novato, CA 94945

Phone: 415-609-5352

Email: jsolomon@d-h-i.net

General Partner(s) / Principal Owner(s): DHI Olive Manor Associates, LLC
Community Resident Services, Inc.

General Partner Type: Joint Venture

Parent Company(ies): Dawson Holdings, Inc.
Community Resident Services, Inc.

Developer: Dawson Holdings, Inc.

Investor/Consultant: R4 Capital LLC

Management Agent(s): FPI Management, Inc.

Project Information

Construction Type: Acquisition and Rehabilitation
 Total # Residential Buildings: 10
 Total # of Units: 44
 No. & % of Tax Credit Units: 43 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: USDA RHS 521 Rental Assistance (43 Units - 100%)

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: Capital Region
 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:	5	10%
At or Below 40% AMI:	9	20%
At or Below 50% AMI:	13	30%
At or Below 60% AMI:	16	35%

Unit Mix

<u>44 1-Bedroom Units</u>
44 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 1 Bedroom	30%	\$464
9 1 Bedroom	40%	\$619
13 1 Bedroom	50%	\$773
16 1 Bedroom	60%	\$927
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,265,000
Construction Costs	\$0
Rehabilitation Costs	\$3,836,620
Construction Contingency	\$451,596
Relocation	\$264,000
Architectural/Engineering	\$210,000
Const. Interest, Perm. Financing	\$416,746
Legal Fees	\$230,000
Reserves	\$239,422
Other Costs	\$401,589
Developer Fee	\$818,357
Commercial Costs	\$0
Total	\$10,133,330

Residential

Construction Cost Per Square Foot:	\$149
Per Unit Cost:	\$230,303
True Cash Per Unit Cost*:	\$226,404

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Bonneville Mortgage	\$6,250,000	Bonneville Mortgage	\$2,000,000
USDA-515	\$1,414,626	USDA-515	\$1,414,626
Acquired Replacement Reserves	\$204,044	Acquired Replacement Reserves	\$204,044
Deferred Cost	\$330,676	Deferred Developer Fee	\$171,568
Federal Tax Credit Equity	\$1,719,411	Tax Credit Equity	\$6,343,092
State Tax Credit Equity	\$214,573	TOTAL	\$10,133,330

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$6,274,073
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$6,274,073
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$564,667
Total State Credit:	\$1,882,222
Approved Developer Fee (in Project Cost & Eligible Basis):	\$818,357
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	\$0.87000
State Tax Credit Factor:	\$0.76000

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:	Seniors
Self-Score Final:	37.852%
CTCAC Final:	37.852%

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.

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 minutes in rush hours	6	6	6
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/4 mile of a neighborhood market of at least 5,000 sf	4	4	4
Within 1/2 mile of medical clinic or hospital	3	3	3
Within 1/2 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	
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
State Credit Substitution	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 REAPPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.