

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 Second Round

November 8, 2023

Miraluz (f/k/a Heber Meadows), located at 185 Willowbrook Way in Heber, requested and is being recommended for a reservation of \$1,995,487 in annual federal tax credits to finance the new construction of 63 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Chelsea Investment Corporation and will be located in Senate District 18 and Assembly District 36.

The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance. The project financing includes state funding from the Infill Infrastructure Grant (IIG) program of HCD.

Project Number CA-23-148

Project Name Miraluz (f/k/a Heber Meadows)
Site Address: 185 Willowbrook Way
Heber, CA 92249
County: Imperial
Census Tract: 113.01

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,995,487	\$0
Recommended:	\$1,995,487	\$0

Applicant Information

Applicant: Pacific Southwest Community Development Corporation
Contact: Robert W. Laing
Address: 16935 West Bernardo Drive, Suite 238
San Diego, CA 92127
Phone: 858-675-0506
Email: robertlaing@pswcdc.org

General Partner(s) / Principal Owner(s): Pacific Southwest Community Development Corporation
General Partner Type: Nonprofit
Parent Company(ies): Pacific Southwest Community Development Corporation
Developer: Chelsea Investment Corporation
Investor/Consultant: The Richman Group Equity
Management Agent(s): ConAm Management Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 4
Total # of Units: 64
No. & % of Tax Credit Units: 63 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: USDA RHS 521 Rental Assistance (63 Units - 100%)

Information

Set-Aside: Rural apportionment (Section 514)
 Housing Type: Large Family
 Geographic Area: N/A
 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:	23	35%
At or Below 50% AMI (Rural):	13	20%
At or Below 60% AMI:	27	40%

Unit Mix

16 1-Bedroom Units
32 2-Bedroom Units
16 3-Bedroom Units
<u>64 Total Units</u>

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
8 1 Bedroom	60%	\$928
3 1 Bedroom	50%	\$773
5 1 Bedroom	30%	\$464
13 2 Bedrooms	60%	\$1,114
6 2 Bedrooms	50%	\$928
12 2 Bedrooms	30%	\$557
6 3 Bedrooms	60%	\$1,287
4 3 Bedrooms	50%	\$1,072
6 3 Bedrooms	30%	\$643
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,955,002
Construction Costs	\$14,664,224
Rehabilitation Costs	\$0
Construction Contingency	\$1,013,754
Relocation	\$0
Architectural/Engineering	\$1,273,683
Const. Interest, Perm. Financing	\$3,016,393
Legal Fees	\$571,536
Reserves	\$214,287
Other Costs	\$5,003,836
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$30,912,715

Residential

Construction Cost Per Square Foot:	\$291
Per Unit Cost:	\$483,011
True Cash Per Unit Cost*:	\$437,855

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Banner Bank	\$23,292,304	Banner Bank	\$4,580,000
HCD: IIG	\$2,315,268	USDA 514	\$3,000,000
IVHA ¹ : Land Donation	\$1,888,915	HCD: IIG	\$2,315,268
County of Imperial: Impact Fee Deferral	\$379,046	IVHA ¹ : Land Donation	\$1,888,915
Deferred Costs	\$1,281,151	County of Imperial: Impact Fee Deferra	\$379,046
Tax Credit Equity	\$1,756,031	Deferred Developer Fee	\$1,001,080
		Solar Tax Credit Equity	\$188,100
		Tax Credit Equity	\$17,560,306
		TOTAL	\$30,912,715

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

¹Imperial Valley Housing Authority

Determination of Credit Amount(s)

Requested Eligible Basis:	\$22,172,103
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$22,172,103
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,995,487
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	The Richman Group Equity
Federal Tax Credit Factor:	\$0.88000

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:	53.761%
CTCAC Final:	47.700%

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-23-148 must be completed as part of the placed in service package.

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 ½ mile of transit station or public bus stop	3	3	3
Within 1 mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	3	3	3
Within ¼ mile of a public elementary school	3	3	3
In-unit high speed internet service (Rural set-aside only)	3	3	3
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
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
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 RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.