

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 Second Round

December 6, 2023

Rancho Colegio, located at North Court Street and East Glendale Avenue in Visalia, requested and is being recommended for a reservation of \$2,283,068 in annual federal tax credits to finance the new construction of 79 units of housing serving families with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Self-Help Enterprises and will be located in Senate District 14 and Assembly District 31.

The project financing includes state funding from the Multifamily Housing Program (MHP) and Joe Serna Jr. Farmworker Grant (FWHG) programs of HCD.

Project Number CA-23-126

Project Name Rancho Colegio
Site Address: North Court Street and East Glendale Avenue
Visalia, CA 93291
County: Tulare
Census Tract: 10.09

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,283,068	\$0
Recommended:	\$2,283,068	\$0

Applicant Information

Applicant: Self-Help Enterprises
Contact: Betsy McGovern-Garcia
Address: 8445 W. Elowin Court
Visalia, CA 93291
Phone: 559-802-1653
Email: BetsyG@selfhelpenterprises.org

General Partner(s) / Principal Owner(s): Rancho Colegio LLC
General Partner Type: Nonprofit
Developer: Self-Help Enterprises
Investor/Consultant: Community Economics, Inc.
Management Agent(s): AWI Management Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 5
Total # of Units: 80
No. & % of Tax Credit Units: 79 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Central Valley Region
CTCAC Project Analyst: Sopida Steinwert

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:	36	45%
At or Below 40% AMI:	12	15%
At or Below 50% AMI:	31	35%

Unit Mix

36 1-Bedroom Units
22 2-Bedroom Units
<u>22 3-Bedroom Units</u>
80 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
12 1 Bedroom	30%	\$464
12 1 Bedroom	40%	\$619
7 1 Bedroom	50%	\$773
5 1 Bedroom	50%	\$773
2 2 Bedrooms	30%	\$557
5 2 Bedrooms	30%	\$557
6 2 Bedrooms	30%	\$557
6 2 Bedrooms	50%	\$928
3 2 Bedrooms	50%	\$928
3 3 Bedrooms	30%	\$643
8 3 Bedrooms	30%	\$643
5 3 Bedrooms	50%	\$1,072
5 3 Bedrooms	50%	\$1,072
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,178,608
Construction Costs	\$24,921,498
Construction Contingency	\$1,765,043
Architectural/Engineering	\$700,000
Const. Interest, Perm. Financing	\$2,959,953
Legal Fees	\$115,000
Reserves	\$789,275
Other Costs	\$1,433,831
Developer Fee	\$2,200,000
Total	\$36,063,208

Residential

Construction Cost Per Square Foot:	\$251
Per Unit Cost:	\$450,790
True Cash Per Unit Cost*:	\$442,904

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank	\$26,381,853	HCD: MHP	\$10,172,065
HCD: FWHG	\$3,596,644	HCD: FWHG	\$3,596,644
City of Visalia - HOME CHDO ¹	\$1,290,000	City of Visalia - HOME CHDO ¹	\$1,290,000
Donated Land	\$313,608	Donated Land	\$313,608
General Partner Equity	\$1,000	Deferred Developer Fee	\$317,279
Tax Credit Equity	\$2,054,761	General Partner Equity	\$1,000
		Tax Credit Equity	\$20,372,612
		TOTAL	\$36,063,208

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

¹Community Housing Development Organization

Determination of Credit Amount(s)

Requested Eligible Basis:	\$25,367,422
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$25,367,422
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,283,068
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.89233

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:	62.849%
CTCAC Final:	62.849%

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 ½ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of school grounds/facilities open to public with JUA	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ¾ mile of a public elementary school	2	2	2
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. 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
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.