

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2023 Second Round

December 6, 2023

Westwood Manor, located at 211 S. Ash Street in Earlimart, requested and is being recommended for a reservation of \$775,035 in annual federal tax credits to finance the acquisition and rehabilitation of 39 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Micon Real Estate, Inc. and is located in Senate District 16 and Assembly District 33.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

Project Number CA-23-080

Project Name Westwood Manor
Site Address: 211 S. Ash Street
Earlimart, CA 93219
County: Tulare
Census Tract: 44.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$775,035	\$0
Recommended:	\$775,035	\$0

Applicant Information

Applicant: Central Valley Coalition for Affordable Housing
Contact: Christina Alley
Address: 3351 "M" Street, Suite 100
Merced, CA 95348
Phone: (209) 388-0782
Email: chris@centralvalleycoalition.com

General Partner(s) / Principal Owner(s): Central Valley Coalition for Affordable Housing
General Partner Type: Nonprofit
Parent Company(ies): Central Valley Coalition for Affordable Housing
Developer: Micon Real Estate, Inc.
Investor/Consultant: Boston Financial
Management Agent(s): Buckingham Property Management

Project Information

Construction Type: Acquisition and Rehabilitation
Total # Residential Buildings: 8
Total # of Units: 40
No. & % of Tax Credit Units: 39 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: USDA Project-based Vouchers (39 Units - 100%)

Information

Set-Aside: Rural
Housing Type: At-Risk
Geographic Area: N/A
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:	4	10%
At or Below 45% AMI:	4	10%
At or Below 50% AMI (Rural):	20	50%
At or Below 55% AMI (Rural):	4	10%
At or Below 60% AMI:	7	15%

Unit Mix

4 1-Bedroom Units
24 2-Bedroom Units
12 3-Bedroom Units
<u>40 Total Units</u>

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	50%	\$773
2 1 Bedroom	60%	\$824
2 2 Bedrooms	30%	\$557
2 2 Bedrooms	45%	\$835
12 2 Bedrooms	50%	\$928
3 2 Bedrooms	55%	\$937
5 2 Bedrooms	60%	\$937
2 3 Bedrooms	30%	\$643
2 3 Bedrooms	45%	\$965
6 3 Bedrooms	50%	\$998
1 3 Bedrooms	55%	\$998
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,300,000
Rehabilitation Costs	\$3,837,000
Construction Contingency	\$526,200
Relocation	\$500,000
Architectural/Engineering	\$160,000
Const. Interest, Perm. Financing	\$455,000
Legal Fees	\$350,000
Reserves	\$395,347
Other Costs	\$217,756
Developer Fee	\$1,019,856
Total	\$10,761,159

Residential

Construction Cost Per Square Foot:	\$111
Per Unit Cost:	\$269,029
True Cash Per Unit Cost*:	\$269,029

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
USDA Sec. 515	\$2,764,472	USDA Section 515	\$2,764,472
Bonneville Sec. 538	\$1,408,889	Bonneville Sec. 538	\$1,408,889
Bonneville Gap	\$3,067,554	Tax Credit Equity	\$6,587,798
Deferred Operating Reserves	\$120,233	TOTAL	\$10,761,159
Deferred Developer Fee	\$764,891		
Tax Credit Equity	\$2,635,120		

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$6,624,230
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$8,611,499
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$775,035
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,019,856
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.85000

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:	At-Risk
Self-Score Final:	60.332%
CTCAC Final:	60.332%

Significant Information / Additional Conditions:

The project is anticipated to be a 100% tax credit project, but potentially has over-income tenants that do not meet CTCAC income limit requirements and will not qualify for the AMI targeting above. If tenants are over income, the applicant will endeavor to have these tenants relocate so that when it places in service, CA-23-080 will be a 100% tax credit project. However, if any of these tenants do not relocate, the project's actual applicable fraction will be determined at the placed-in-service review.

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
Dial-a-ride service for rural set-aside	4	4	4
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 1 mile of a neighborhood market of at least 5,000 sf	3	3	3
Within ¼ mile of a public elementary school	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within 1 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.