

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
December 6, 2023**

Patterson Point , located at 80 North Patterson Avenue in Goleta , requested and is being recommended for a reservation of \$807,550 in annual federal tax credits and \$4,234,298 in total state tax credits to finance the new construction of 23 units of housing serving special needs tenants with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Housing Authority of the County of Santa Barbara and will be located in Senate District 19 and Assembly District 37.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the No Place Like Home (NPLH) and Housing for the Healthy program(s) of HCD.

Project Number CA-23-667

Project Name Patterson Point
Site Address: 80 North Patterson Avenue
Goleta , CA 93111
County: Santa Barbara
Census Tract: 29.13

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$807,550	\$4,234,298
Recommended:	\$807,550	\$4,234,298

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

Applicant Information

Applicant: Patterson Point, L.P.
Contact: Darcy Brady
Address: 815 West Ocean Avenue
Lompoc , CA 93436
Phone: (805) 736-3423
Email: darcybrady@hasbarco.org

General Partner(s) or Principal Owner(s): Surf Development Company
Housing Authority of the County of Santa Barbara
Santa Barbara Housing Assistance Corporation

General Partner Type: Nonprofit
Parent Company(ies): Surf Development Company
Housing Authority of the County of Santa Barbara
Santa Barbara Housing Assistance Corporation

Developer: Housing Authority of the County of Santa Barbara
Bond Issuer: Housing Authority of the County of Santa Barbara
Investor/Consultant: Red Stone Equity Partners, LLC
Management Agent: Housing Authority of the County of Santa Barbara

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 24
 No. / % of Low Income Units: 23 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt/HUD Section 8 Project-based Vouchers (23 Units - 100%)

Information

Housing Type: Special Needs
 Geographic Area: Central Coast Region
 CTCAC Project Analyst: Nick White

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	22	96%
50% AMI:	1	4%

Unit Mix

24 SRO/Studio Units
<u>24 Total Units</u>

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
22 SRO/Studio	30%	\$777
1 SRO/Studio	50%	\$1,295
1 SRO/Studio	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,940,000
Construction Costs	\$9,430,151
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$457,874
Soft Cost Contingency	\$100,000
Relocation	\$0
Architectural/Engineering	\$475,000
Const. Interest, Perm. Financing	\$1,465,927
Legal Fees	\$340,000
Reserves	\$338,624
Other Costs	\$1,330,817
Developer Fee	\$1,958,278
Commercial Costs	\$0
Total	\$18,836,671

Residential

Construction Cost Per Square Foot:	\$663
Per Unit Cost:	\$784,861
True Cash Per Unit Cost*:	\$773,070

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Pacific Western Bank Tax-Exempt	\$12,720,240	HCD HHC	\$4,400,000
Deferred Costs	\$3,048,386	HCD NPLH	\$2,325,459
Tax Credit Equity	\$3,068,046	County Home	\$1,488,000
		Deferred Developer Fee	\$282,982
		Tax Credit Equity	\$10,340,230
		TOTAL	\$18,836,671

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$15,529,810
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$20,188,753
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$807,550
Total State Credit:	\$4,234,298
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,958,278
Investor/Consultant:	Red Stone Equity Partners, LLC
Federal Tax Credit Factor:	\$0.84000
State Tax Credit Factor:	\$0.84000

Except as allowed for projects basing cost on assumed third party debt, the "as if vacant" land value and the existing improvement value established at application for all projects, 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. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$773,070. The applicant noted that the high per unit cost is attributed to the small size of the project as well as the increased costs and interest due to labor, material, and land.

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

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 reservation 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.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).