



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

CTCAC

Wednesday, September 8, 2021

**Upon adjournment of the
CDLAC Meeting or 10:15 a.m.**



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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Sacramento, CA 95814
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www.treasurer.ca.gov/ctcac

MEETING NOTICE

AGENDA

MEETING DATE:

September 8, 2021

TIME:

**10:15 AM or Upon adjournment of
CDLAC Committee Meeting**

LOCATION:

**915 Capitol Mall, Room 587
Sacramento, CA 95814**

Public Participation Call-In Number*

(888) 557-8511

Participant Code:

5651115

The Committee may take action on any item.

Items may be taken out of order.

There will be an opportunity for public comment at the end of each item, prior to any action.

1. Call to Order and Roll Call

Action Item: **2. Approval of the Minutes of the August 11, 2021 Meeting**

3. Executive Director's Report

Presented by: Nancee Robles

Action Item: **4. Recommendation for Reservation of 2021 Federal Four Percent (4%) and State low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects**

Presented by: Anthony Zeto

Project #

CA-21-593

CA-21-634

Project name

Bascom Apartments

CHISPA East Garrison Apartments

5. Public Comment

6. Adjournment

BOARD MEMBERS (voting)

FIONA MA, CPA, CHAIR
State Treasurer

BETTY YEE
State Controller

KEELY MARTIN BOSLER
Director of Finance

GUSTAVO VELASQUEZ
Director of HCD

TIENA JOHNSON HALL
Executive Director of CalHFA

DIRECTOR

NANCEE ROBLES
Executive Director



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

FOR ADDITIONAL INFORMATION

Nancee Robles, Executive Director, CTCAC
915 Capitol Mall, Room 485, Sacramento, CA 95814
(916) 654-6340

This notice may also be found on the following Internet site:

www.treasurer.ca.gov/ctcac

* Interested members of the public may use this number to call in to listen to and/or comment on items before the California Tax Credit Allocation Committee. Additional instructions will be provided to callers once they call the indicated number. This call-in number is provided as an option for public participation but the Committee is not responsible for unforeseen technical difficulties that may occur. The Committee is under no obligation to postpone or delay its meeting in the event such technical difficulties occur during or before the meeting.

The California Tax Credit Allocation Committee (CTCAC) complies with the Americans with Disabilities Act (ADA) by ensuring that the facilities are accessible to persons with disabilities, and providing this notice and information given to the members of the CTCAC in appropriate alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact Tracy Sullivan of CTCAC no later than five calendar days before the meeting at (916) 653-1065 and Telecommunication Device for the Deaf (TDD) at (916) 654-9922.

AGENDA ITEM 2

Approval of the Minutes of the August
11, 2021 Meeting

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the August 11, 2021 Meeting

1. Roll Call

State Treasurer Fiona Ma chaired the meeting of the California Tax Credit Allocation Committee (CTCAC). Treasurer Ma called the meeting to order at 2:11 a.m. Also, present Anthony Sertich for State Controller Betty Yee; Teresa Calvert for Department of Finance (DOF) Director Keely Martin Bosler; Kate Ferguson for California Housing Finance Agency (CalHFA) Acting Executive Director Donald Cavier and California Department of Housing and Community Development (HCD) Director Gustavo Velasquez.

City Representative Vivian Moreno and County Representative Terra Lawson-Remer were absent.

2. Approval of the Minutes of the June 16, 2021 Meeting

MOTION: Mr. Sertich moved to approve the June 16, 2021 Meeting Minutes. Mr. Velasquez seconded, and the motion passed unanimously via a roll call vote.

3. Executive Director's Report

CTCAC Executive Director, Nancee Robles stated that on the outreach front, she and CTCAC Deputy Director, Anthony Zeto attended the National Council of State Housing Agencies (NCSHA) 2021 Housing Credit Connection Virtual Conference. She stated that Mr. Zeto was a moderator on his panel and she participated on behalf of CTCAC on the topic "The Intersection of Affordable Housing and Climate Change". Ms. Robles stated the panel focused on disaster credits and how projects are ranked for utilizing sustainable building methods that go beyond California's building code like renewable generation that reduce tenant costs.

On the legislative front, Ms. Robles stated that Treasurer Ma signed a letter of support for Assembly Bill 1288, a bill that would allow CTCAC the ability to redirect state tax credits to the 9% tax credit program in years when tax-exempt bonds are oversubscribed.

Under general business, Ms. Robles summarized the 2021 second round 9% applications received in July. She stated staff received 122 applications, which was down from the 142 applications received in the second round of 2020 and explained this could be due to less disaster credits being available in 2021 compared to 2020. Of the 122 applications received, she noted 65 requested disaster credits, whereas there were 88 in 2020. Based on self-scores, Ms. Robles stated staff expects to recommend 37 projects for disaster credits, 3 more than were awarded in 2020. In addition, she stated staff expects to recommended 32 projects from the regular 9% competition, which is one less when compared to 2020.

Mr. Sertich asked about staff's plan for regulation changes.

Ms. Robles stated staff will begin engaging with stakeholders in September and present recommendations in October for general public comments. In December, she stated staff

will bring final recommended regulation changes to the Committee for approval and implementation in 2022.

- End of Executive Director's Report

4. Consideration of appeals if filed under CTCAC Regulation Section 10330(b)(1)

Mr. Zeto stated that staff received one appeal for the Marina Village Apartments project (CA-21-567) relating to a small reduction in the federal credit amount due to a reduction in the developer fee.

William Leach with Kingdom Development and Don Harris with Solano Affordable Housing Foundation presented the appeal. Mr. Leach opened with a brief background on the project and explained their project is being recommended for \$1.4 million (or \$135,429 annual) fewer federal credits than requested. He asked the Committee to authorize staff to use a plain reading of the regulation language in question and not put meaning to the heading to allow the project to obtain the full developer fee and full amount of federal credit requested. Mr. Leach provided some background on the regulation change in question relating to BIPOC developers partnering with maximum experienced developers resulting in more joint ventures leading to more equity in the development landscape in California. He referenced CTCAC Regulation Section 10327(c)(2)(E) and summarized his interpretation of the language and how the larger developer fee will fill gaps for BIPOC developers. Mr. Leach mentioned staff pointed to the header of the regulation section, and that the project must meet the California Debt Limit Allocation Committee (CDLAC) definition for BIPOC Project. He raised concerns with pointing to a definition in the CDLAC regulations not referenced in the CTCAC regulations.

Mr. Sertich asked General Counsel if it is typical for program regulations to cross-reference each other.

General Counsel, Spencer Walker stated that does not typically occur, however, the CTCAC regulations refer to the CDLAC regulations and the CDLAC regulations refer to the term BIPOC. Therefore, Mr. Walker stated CDLAC's definition would apply because otherwise there is no definition to refer to and the term BIPOC would have no meaning.

Mr. Leach argued that BIPOC and BIPOC Project were two different definitions.

Mr. Walker disagreed with Mr. Leach and re-stated the CTCAC Regulation Section 10327(c)(2)(E) along with CDLAC Regulation Section 5230(f)(1)(B). He reiterated that staff referred to the CDLAC definition because otherwise the term BIPOC would have no meaning.

Mr. Leach stated he has no concern with the CDLAC definition of BIPOC. He re-affirmed that the joint venture is with a BIPOC. He raised concern with the "BIPOC Project" definition, which is to hone who is eligible for the BIPOC pool.

Mr. Walker stated this was a regulation issue. In his opinion, CTCAC regulations should not reference the CDLAC regulations with respect BIPOC. He believes the CTCAC

regulations should include a definition within their regulations. By referring to the CDLAC regulations, Mr. Walker stated it creates confusion rendering it ambiguous.

Mr. Harris stated he represents a BIPOC entity and raised concern for the regulation in question. He found it disconcerting that if you have too much experience as a BIPOC entity, you are not eligible for the BIPOC pool. As a result, Mr. Harris said his application was determined to be ineligible for the BIPOC pool. He cited the CTCAC regulations section relating to developer fee for BIPOC entities and emphasized that the language always controls over a header. Mr. Harris stated the language requires a BIPOC entity and a joint venture so you could never have an entity that qualifies for the BIPOC pool ever qualify for the higher developer fee under the provision. He agrees the regulations need to be cleaned up and hopes the Committee will consider their appeal.

Treasurer Ma explained why the BIPOC pool was created and how the BIPOC pool was to encourage more BIPOC entities to apply. She added that if a BIPOC joint ventured with a more experienced developer, it would provide them the necessary experience for the project to be awarded. Treasurer Ma stated developer fee had to be increased in order for a large experienced developer to joint venture with a smaller less experienced developer because the fee would have to be split. She stated that she expected a large volume of applications from BIPOC and was shocked that there were not enough applicants in the BIPOC pool. Treasurer Ma concluded that the regulations should be reviewed and corrected.

Mr. Harris explained the policy surrounding BIPOC experience and how it is viewed negatively for purposes of the BIPOC pool. He stated the regulations in its existing form is counterintuitive. Mr. Harris stated no one has stated in writing that their interpretation of the regulations is incorrect.

Mr. Sertich agreed with Treasurer Ma on the intent of the term BIPOC and why the BIPOC pool was created. He differentiated the BIPOC pool and experience points. Mr. Sertich clarified that the pool was to capture emerging developers. With regard to the appeal, he stated from a logical understanding of the regulation language, he could understand how the term BIPOC could be referring to a BIPOC entity and not a BIPOC Project. He expressed support for the appeal.

Ms. Calvert asked if this issue in the regulations or if text in a header has come up before.

Treasurer Ma and Mr. Zeto stated this is the first time this issue has come up.

Ms. Ferguson summarized that under the CDLAC regulations, BIPOC entity is defined and under the CTCAC regulations, it states BIPOC. She restated Mr. Walker's comment regarding the referencing of CDLAC regulations assuming the CDLAC definition of BIPOC. Ms. Ferguson explained that while the project is not a BIPOC Project as defined in CDLAC regulations, in order to receive the higher developer fee, the project needs to be a BIPOC Project for CTCAC versus a BIPOC entity. She asked Mr. Leach if her understanding of the issue was correct.

Mr. Leach stated it was 99% correct. He confirmed the sponsor is a BIPOC entity and staff would only have concern if the sponsor was too experienced for the BIPOC Project

definition. Mr. Leach explained that if the definition is attached to the CTCAC regulations, no one would qualify.

Mr. Sertich explained that the section in the CDLAC regulations in question references BIPOC, not BIPOC entity or BIPOC Project.

Mr. Leach pointed to the CDLAC regulations on Westlaw and stated the definition was changed from BIPOC to BIPOC entity.

Mr. Sertich referred to CDLAC Regulation Section 5230(f)(1)(B) where it references BIPOC. He believed that by referring it BIPOC Project, no one would ever qualify. Mr. Sertich stated BIPOC entity made more sense to him and if that were the case, the appellant's project would be eligible for the higher developer fee.

Mr. Walker stated there is a conflict, and the Committee could grant the appeal based on the regulations not satisfying the intent of Committee. He stated staff could go back to the regulations to clean up the ambiguity and allow this project to move forward.

Ms. Ferguson stated that she did not recall that the two BIPOC references were mutually exclusive and would rely on the other Committee members present last year when the regulations were adopted.

Treasurer Ma and Mr. Walker agreed that was not the intent of the Committee.

Mr. Velasquez stated that he did not believe the policy objective is any different than what is before them, but rather needs to be clarified.

Mr. Walker agreed.

Mr. Zeto stated that if the Committee grants the appeal, their federal credit will be increased amount back to the original requested amount. He stated the project is currently being recommended and could be considered in Agenda Item 5. Mr. Zeto clarified the decision would have no impact on any other projects.

MOTION: Mr. Sertich moved to grant the appeal. Mr. Velasquez seconded, and the motion passed unanimously via a roll call vote.

5. Recommendation for Reservation of 2021 Federal Four Percent (4%) and State Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects

Mr. Zeto stated that there was a golden rod staff report for Avalon 1355 (CA-21-541). He noted a typo to the credit amount by \$1 and clarified the requested and recommended federal tax credit amount for this project is \$1,358,683. Mr. Zeto stated staff has reviewed all of the other projects under this agenda item and is recommending them to the Committee for approval with the exception of CA-21-605 and CA-21-620, both of which were withdrawn, as well as the following four (4) projects not approved at the CDLAC meeting, which are CA-21-579, CA-21-615, CA-21-647 and CA-21-651. He thanked staff for their time spent

reviewing the high volume of applications while balancing their time to review the 9% applications that came in as well.

Mr. Sertich asked how many state tax credits were still available after these awards.

Mr. Zeto stated for the general allocation, there would be approximately \$20 million along with the surplus from the \$150 million set aside for the CalHFA Mixed Income Program (MIP). He stated staff recommended \$28 million in state tax credits for the CalHFA MIP so potentially \$120 million could be transferred over to the general allocation. However, Mr. Zeto explained there were some CalHFA MIP projects not awarded this round so staff will need to coordinate with CalHFA on the amount transferred to the general allocation. He stated it was staff's goal to have this resolved as soon as possible in advance of the September 9th application deadline.

Mr. Sertich asked if staff could also include a CTCAC meeting along with the CDLAC meeting to consider any outstanding projects.

Mr. Zeto stated they can do that.

Mr. Zeto clarified that as a result of the Committee's decision on Agenda Item 4, staff is recommending the full \$3,250,293 in annual federal credits requested for Marina Village Apartments (CA-21-567). The project costs and eligible basis were also increased slightly to account for the increase in the developer fee.

Mr. Zeto noted the three projects that were added to the CDLAC list and ultimately approved bond allocations would be considered the next CTCAC meeting and those projects were: CA-21-634, CA-21-593 and CA-21-619.

Jimmy Silverwood with Affirmed Housing asked a question pertaining to the three projects added to list and whether they would be considered at the September meeting. In the event there is insufficient state credits, he asked how that would impact his project's state credit request.

Mr. Zeto stated staff will reconcile the state tax credit amount, but believed there would be sufficient state tax credits.

Mr. Sertich stated that since there will be surplus from the CalHFA MIP amount, he also was hopeful there will be enough.

Mr. Zeto agreed and stated staff can confirm following this meeting.

Mr. Silverwood asked if the three projects that were added were going to be considered at the next CTCAC meeting or the one following.

Mr. Zeto stated that he expected the three projects to be considered at the next CTCAC meeting.

MOTION: Mr. Sertich moved to approve staff's recommendation, Ms. Ferguson seconded, and the motion passed unanimously via a roll call vote.

6. Recommendation of a Performance Deposit Refund

Mr. Zeto stated there was a request from applicant of LakeHouse Commons Affordable Apartments (CA-20-456). He explained the project was awarded federal and state tax credits in 2020 and was a mixed-income project that returned their credits in February because the financing for the market rate portion of the project fell through. Mr. Zeto stated they are requesting a refund of their performance deposit in the amount of \$100,000 and noted CDLAC issued a refund to this project previously.

MOTION: Mr. Sertich moved to approve staff's recommendation to refund the performance deposit. Ms. Ferguson seconded, and the motion passed unanimously via a roll call vote.

7. Public Comment

There was no public comment.

8. Adjournment

Treasurer Ma adjourned the meeting at 3:01 p.m.

AGENDA ITEM 3

Executive Director's Report

AGENDA ITEM 4

Recommendation for Reservation of
2021 Federal Four Percent (4%) and
State low Income
Housing Tax Credits (LIHTCs) for Tax-
Exempt Bond Financed Projects

Application Number	Project Name Address City, State Zip Code County	Applicant/Owner Applicant/Owner Contact(s)	General Partner(s) General Partner(s) Contact(s)	Developer(s) Developer(s) Contact(s)	Seller(s) Signatory of Seller(s)	Lender(s) (First Lender is Primary Construction Lender)
CA-21-593	Bascom Apartments 3090 South Bascom Avenue San Jose, CA 95124 County of Santa Clara	Bascom Affordable Housing, LP Jimmy Silverwood	AHG Bascom, LLC Jimmy Silverwood Compass for Affordable Housing	Affirmed Housing Group, Inc. Rob Wilkins	Gary & Sandra Wineroth Family Trust Gary & Sandra Wineroth	Boston Capital County of Santa Clara
CA-21-634	CHISPA East Garrison Apartments 21231 Ord Avenue and 21131 Ord Avenue East Garrison, CA 93933 Monterey County	CHISPA East Garrison, LP Andy Simer	Community Housing Improvement Systems and Planning Association, Inc.	CHISPA Andy Simer	UCP East Garrison, LLC Nicholas Arenson	Chase Monterey County TIF Bellwether Enterprise Monterey Bay Community Power

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 8, 2021

Bascom Apartments, located at 3090 South Bascom Avenue in San Jose, requested and is being recommended for a reservation of \$3,062,012 in annual federal tax credits and \$17,533,058 in total state tax credits to finance the new construction of 77 units of housing serving special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Affirmed Housing Group, Inc. and will be located in Senate District 15 and Assembly District 28.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-21-593

Project Name Bascom Apartments
 Site Address: 3090 South Bascom Avenue
 San Jose, CA 95124 County: Santa Clara
 Census Tract: 5027.01

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,062,012	\$17,533,058
Recommended:	\$3,062,012	\$17,533,058

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

Applicant Information

Applicant: Bascom Affordable Housing, L.P.
 Contact: Jimmy Silverwood
 Address: 13520 Evening Creek Drive North, Suite 160
 San Diego, CA 92128
 Phone: 858-679-2828
 Email: james@affirmedhousing.com

General Partner(s) or Principal Owner(s): AHG Bascom, LLC
 Compass for Affordable Housing
 General Partner Type: Joint Venture
 Parent Company(ies): Affirmed Housing Group, Inc.
 Compass for Affordable Housing
 Developer: Affirmed Housing Group, Inc.
 Bond Issuer: City of San Jose
 Investor/Consultant: Red Stone Equity Partners
 Management Agent: Solari Enterprises, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 79
 No. / % of Low Income Units: 77 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-Based Vouchers (16 units - 21%)

Information

Housing Type: Special Needs
 Geographic Area: South and West Bay Region
 TCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 34	44%
40% AMI: 5	6%
50% AMI: 4	5%
60% AMI: 34	44%

Unit Mix

46 SRO/Studio Units
16 1-Bedroom Units
12 2-Bedroom Units
5 3-Bedroom Units
<u>79 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
13 SRO/Studio	30%	\$870
11 SRO/Studio	30%	\$870
3 SRO/Studio	50%	\$1,450
19 SRO/Studio	60%	\$1,602
3 1 Bedroom	30%	\$931
5 1 Bedroom	40%	\$1,242
8 1 Bedroom	60%	\$1,863
5 2 Bedrooms	30%	\$1,119
1 2 Bedrooms	50%	\$1,865
5 2 Bedrooms	60%	\$1,959
2 3 Bedrooms	30%	\$1,292
2 3 Bedrooms	60%	\$2,584
1 2 Bedrooms	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,579,285
Construction Costs	\$44,987,117
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,187,598
Soft Cost Contingency	\$244,223
Relocation	\$0
Architectural/Engineering	\$2,275,000
Const. Interest, Perm. Financing	\$2,855,000
Legal Fees	\$240,000
Reserves	\$300,000
Other Costs	\$2,770,768
Developer Fee	\$3,500,000
Commercial Costs	\$300,000
Total	\$67,238,991

Residential

Construction Cost Per Square Foot:	\$698
Per Unit Cost:	\$847,329
True Cash Per Unit Cost*:	\$834,727

Construction Financing

Source	Amount
Boston Capital Finance	\$35,672,716
Santa Clara County	\$14,220,000
Tax Credit Equity	\$17,346,275

Permanent Financing

Source	Amount
Boston Capital	\$9,270,288
Santa Clara County	\$15,800,000
Deferred Developer Fee	\$1,000,000
Tax Credit Equity	\$41,168,703
TOTAL	\$67,238,991

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$58,884,837
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$76,550,288
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,062,012
Total State Credit:	\$17,533,058
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.89100
State Tax Credit Factor:	\$0.79200

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

The total development cost per unit is \$851,126. The applicant noted the cost is attributed to demolition of a vacant commercial building, furnishings for the 39 homeless units, and construction costs for below-grade parking.

Projects with subsidies from HUD are required to use Utility Allowances (UAs) approved by HUD. The applicant’s use of the CUAC is subject to approval by UD

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.

TCAC 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 TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC 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 TCAC 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, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, 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 TCAC 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 TCAC in its final feasibility analysis.

CDLAC Additional Conditions

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

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 8, 2021

CHISPA East Garrison Apartments, located at East Garrison in Monterey, requested and is being recommended for a reservation of \$2,251,518 in annual federal tax credits to finance the new construction of 65 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by CHISPA, Inc. and will be located in Senate District 17 and Assembly District 29.

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 Joe Serna, Jr. FWHG program of HCD.

Project Number CA-21-634

Project Name CHISPA East Garrison Apartments
 Site Address: 21231 Ord Avenue and 21131 Ord Avenue
 East Garrison CA 93933 County: Monterey
 Census Tract: 141.57

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,251,518	\$0
Recommended:	\$2,251,518	\$0

Applicant Information

Applicant: CHISPA East Garrison LP
 Contact: Andy Simer
 Address: 295 Main Street, Suite 100
 Salinas CA 93901
 Phone: (831) 757-6251
 Email: asimer@chispahousing.org

General Partner(s) or Principal Owner(s): CHISPA, Inc.
 General Partner Type: Nonprofit
 Parent Company(ies): CHISPA, Inc.
 Developer: CHISPA, Inc.
 Bond Issuer: California Municipal Finance Authority
 Investor/Consultant: Community Economics, Inc.
 Management Agent: CHISPA Housing Management, Inc. (CHMI)

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 6
 Total # of Units: 66
 No. / % of Low Income Units: 65 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers
 (15 Units - 23%)

Information

Housing Type: Large Family
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 7	11%
50% AMI: 24	37%
60% AMI: 18	28%
80% AMI: 16	25%

Unit Mix

4 1-Bedroom Units
30 2-Bedroom Units
32 3-Bedroom Units
<u>66 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	\$572
2 1 Bedroom	50%	\$953
1 1 Bedroom	60%	\$1,144
3 2 Bedrooms	30%	\$687
12 2 Bedrooms	50%	\$1,145
8 2 Bedrooms	60%	\$1,374
7 2 Bedrooms	80%	\$1,832
3 3 Bedrooms	30%	\$793
10 3 Bedrooms	50%	\$1,322
9 3 Bedrooms	60%	\$1,587
9 3 Bedrooms	80%	\$2,116
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$155,001
Construction Costs	\$32,199,184
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,223,918
Soft Cost Contingency	\$200,000
Relocation	\$0
Architectural/Engineering	\$781,285
Const. Interest, Perm. Financing	\$2,204,768
Legal Fees	\$220,000
Reserves	\$349,293
Other Costs	\$2,703,990
Developer Fee	\$3,500,000
Commercial Costs	\$0
Total	\$45,537,440

Residential

Construction Cost Per Square Foot:	\$377
Per Unit Cost:	\$689,961
True Cash Per Unit Cost*:	\$669,061

Construction Financing

Source	Amount
Chase Bank - Tax-Exempt	\$23,744,207
Chase Bank - Taxable	\$11,017,205
Monterey County TIF	\$4,964,375
Tax Credit Equity	\$2,048,500

Permanent Financing

Source	Amount
BellwetherEnterprise	\$9,938,700
HCD Joe Serna Farmworker	\$7,552,822
Monterey County TIF	\$4,964,375
Monterey Bay Community Power	\$165,000
Deferred Developer Fee	\$1,379,382
Solar Equity	\$286,307
General Partner Equity	\$488,859
Tax Credit Equity	\$20,761,995
TOTAL	\$45,537,440

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$43,298,423
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$56,287,950
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	\$2,251,518
Total Maximum Annual Federal Credit:	\$2,251,518
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.92213

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:

Development costs are roughly \$689,961 per unit. The factors affecting this cost includes high labor costs for the area, high lumber and metal costs, and the project paying prevailing wage.

This project involves the construction of two new scattered-site buildings.

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.

TCAC 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 TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC 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 TCAC 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, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, 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 TCAC 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 TCAC in its final feasibility analysis.

CDLAC Additional Conditions

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

AGENDA ITEM 5

Public Comment

AGENDA ITEM 6

Adjournment