

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 First Round

May 15, 2024

El Dorado Haven, located at 6500 Pleasant Valley Road in El Dorado, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$8,333,333 in total state tax credits to finance the new construction of 64 units of housing serving families with rents affordable to households earning 20%-70% of area median income (AMI). The project will be developed by Mercy Housing California and will be located in Senate District 1 and Assembly District 5.

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 National Housing Trust Fund (NHTF) programs of HCD.

Project Number CA-24-008

Project Name El Dorado Haven
Site Address: 6500 Pleasant Valley Road
El Dorado, CA 95619
County: El Dorado
Census Tract: 315.04

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$8,333,333
Recommended:	\$2,500,000	\$8,333,333

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Mercy Housing California
Contact: Richard C. Ciraulo
Address: 2512 River Plaza Drive, Suite 200
Sacramento, CA 95833
Phone: 916-414-4441
Email: rciraulo@mercyhousing.org

General Partner(s) / Principal Owner(s): Mercy Housing California 102 LLC
General Partner Type: For Profit
Parent Company(ies): Mercy Housing California
Developer: Mercy Housing California
Investor/Consultant: Senior Affordable Housing Financial Consultant
Management Agent(s): Mercy Housing Management Group

Project Information

Construction Type: New Construction
Total # Residential Buildings: 5
Total # of Units: 65
No. & % of Tax Credit Units: 64 100%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: HUD Section 8 Project-based Vouchers (15 Units - 23%)

Information

Set-Aside: Rural
 Housing Type: Large Family
 Geographic Area: N/A
 CTCAC Project Analyst: Jacob Paixao

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 20% AMI:	8	10%
At or Below 30% AMI:	7	10%
At or Below 40% AMI:	7	10%
At or Below 50% AMI (Rural):	21	30%
At or Below 70% AMI:	21	30%

Unit Mix

20 1-Bedroom Units
 27 2-Bedroom Units
18 3-Bedroom Units
 65 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
8 1 Bedroom	20%	\$402
2 1 Bedroom	40%	\$804
3 1 Bedroom	50%	\$1,005
7 1 Bedroom	70%	\$1,407
2 2 Bedrooms	30%	\$723
1 2 Bedrooms	30%	\$723
2 2 Bedrooms	40%	\$965
4 2 Bedrooms	50%	\$1,206
10 2 Bedrooms	50%	\$1,206
7 2 Bedrooms	70%	\$1,500
4 3 Bedrooms	30%	\$836
3 3 Bedrooms	40%	\$1,115
1 3 Bedrooms	50%	\$1,393
3 3 Bedrooms	50%	\$1,393
7 3 Bedrooms	70%	\$1,930
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,480,000
Construction Costs	\$28,068,628
Rehabilitation Costs	\$0
Construction Contingency	\$2,792,177
Relocation	\$0
Architectural/Engineering	\$1,100,425
Const. Interest, Perm. Financing	\$4,648,500
Legal Fees	\$75,000
Reserves	\$305,862
Other Costs	\$2,932,279
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$43,902,870

Residential

Construction Cost Per Square Foot:	\$439
Per Unit Cost:	\$675,429
True Cash Per Unit Cost*:	\$639,098

Construction Financing

<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$36,428,398
EDCFC ¹ : Land Donation	\$1,470,000
El Dorado County: Fee Waiver	\$891,475
Tax Credit Equity	\$2,927,136

Permanent Financing

<u>Source</u>	<u>Amount</u>
CCRC ²	\$4,054,800
HCD: NPLH	\$2,136,467
HCD: NHTF	\$6,218,672
EDCFC ¹ : Land Donation	\$1,470,000
El Dorado County: Fee Waiver	\$891,475
General Partner Equity	\$100
Tax Credit Equity	\$29,131,356
TOTAL	\$43,902,870

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

¹El Dorado County Federated Church

²California Community Reinvestment Corporation

Determination of Credit Amount(s)

Requested Eligible Basis:	\$27,777,778
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,778
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$8,333,333
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Senior Affordable Housing Financial Consultant
Federal Tax Credit Factor:	\$0.89440
State Tax Credit Factor:	\$0.81256

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:	50.731%
CTCAC Final:	50.731%

Significant Information / Additional Conditions

Staff noted that the preliminary architectural drawings lacks detailed description of suitable play area for children ages 13-17. The applicant is cautioned that outdoor play/recreational space must be constructed with appropriate amenities and/or be provided with reasonable play equipment suitable for children ages 13-17 pursuant to CTCAC Regulations 10325(g)(1)(D).

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 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 1/3 mile of transit station or public bus stop	4	4	4
Within 1 mile of public park or community center open to general public	3	3	3
Within 3 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within 1 1/2 miles of an adult education campus or community college	3	3	3
Within 1 1/2 miles of medical clinic or hospital	2	2	2
Within 2 miles of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	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.