

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 First Round

May 15, 2024

Monterey Senior (AKA Monterey Crossing Senior), located at 1480 Monterey Street in San Luis Obispo, requested and is being recommended for a reservation of \$2,488,338 in annual federal tax credits to finance the new construction of 54 units of housing serving seniors with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by San Luis Obispo Non-Profit and will be located in Senate District 17 and Assembly District 30.

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 Multifamily Housing Program (MHP) program of HCD.

Project Number CA-24-018

Project Name Monterey Senior (AKA Monterey Crossing Senior)
Site Address: 1480 Monterey Street
San Luis Obispo, CA 93401
County: San Luis Obispo
Census Tract: 110.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,488,338	\$0
Recommended:	\$2,488,338	\$0

Applicant Information

Applicant: UPMO Senior SLO, L.P.
Contact: Ken Litzinger
Address: 487 Leff Street
San Luis Obispo, CA 93401
Phone: (805) 594-5304
Email: klitzinger@haslo.org

General Partner(s) / Principal Owner(s): San Luis Obispo Non-profit Housing Corporation
The Fort Group, LLC
General Partner Type: Joint Venture
Parent Company(ies): San Luis Obispo Non-profit Housing Corporation
The Fort Group, LLC
Developer: San Luis Obispo Non-profit Housing Corporation
Investor/Consultant: California Housing Partnership
Management Agent(s): Housing Authority San Luis Obispo

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 55
No. & % of Tax Credit Units: 54 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (30 Units - 54.54%)

Information

Set-Aside: N/A
Housing Type: Seniors
Geographic Area: Central Coast Region
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:	22	40%
At or Below 40% AMI:	14	25%
At or Below 50% AMI:	14	25%
At or Below 60% AMI:	4	5%

Unit Mix

30 SRO/Studio Units
25 1-Bedroom Units
55 Total Units

<u>Unit Type & Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
11 SRO/Studio	30%	\$608
11 1 Bedroom	30%	\$651
2 SRO/Studio	40%	\$811
6 SRO/Studio	40%	\$811
6 1 Bedroom	40%	\$869
9 SRO/Studio	50%	\$1,013
5 1 Bedroom	50%	\$1,086
2 SRO/Studio	60%	\$1,216
2 1 Bedroom	60%	\$1,303
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,426,000
Construction Costs	\$22,400,096
Rehabilitation Costs	\$0
Construction Contingency	\$1,435,428
Relocation	\$0
Architectural/Engineering	\$890,000
Const. Interest, Perm. Financing	\$3,898,486
Legal Fees	\$125,000
Reserves	\$298,640
Other Costs	\$1,601,894
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$37,575,544

Residential

Construction Cost Per Square Foot:	\$559
Per Unit Cost:	\$683,192
True Cash Per Unit Cost*:	\$674,101

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Banc of California	\$30,867,578	Banc of California	\$6,034,000
City Of San Luis Obispo	\$721,022	HCD MHP ¹	\$5,574,338
HASLO Public Funds	\$2,024,261	City Of San Luis Obispo	\$721,022
Deferred Costs	\$1,342,141	HASLO Public Funds	\$2,024,261
Deferred Developer Fee	\$500,000	Deferred Developer Fee	\$500,000
Tax Credit Equity	\$2,120,542	Tax Credit Equity	\$22,721,923
		TOTAL	\$37,575,544

¹California Department of Housing and Community Development (HCD) - Multifamily Housing Program (MHP)

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,267,849
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,648,203
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,488,338
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.91314

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:	Seniors
Self-Score Final:	54.152%
CTCAC Final:	53.233%

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$674,101, The applicant noted that the per unit cost is attributed to prevailing wage rates and Construction Type IIIA which requires more expensive fire mitigation measures incorporated due to the 5 story nature of the building per California building code requirements. □

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 1/2 mile of school grounds/facilities open to public with JUA	3	3	3
Within 1/2 mile of public library	3	3	3
Within 1/2 mile of a neighborhood market of at least 5,000 sf	3	3	3
Senior project within 1/2 mile of daily operated senior center/facility	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within 1/2 mile of a pharmacy	2	2	2
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
Other Services Specialist, minimum ratio of 1 FTE to 600 bedrooms	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
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-