

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Qualified Private Activity Tax-Exempt Bond Project
August 6, 2024**

Windsor Park, located at 8685 Old Redwood Highway in Windsor on a 1.66 acre site, requested and is being recommended for a reservation of \$1,236,998 in annual federal tax credits and \$5,734,169 in total state tax credits and \$12,991,250 of tax-exempt bond cap to finance the new construction of 33 units of housing, consisting of 32 restricted rental units, and 1 unrestricted manager's unit. The project will have 4 one-bedroom units, 16 two-bedroom units, and 13 three-bedroom units, serving families with rents affordable to households earning 30%-80% of area median income (AMI). The building will be 3 stories and Type V construction. Common amenities include a community room with a kitchen, a computer center with high-speed internet, laundry room, tot-lot, teen work-out area, and bbq/outdoor lounge area. Each unit will have a refrigerator, range/oven, dishwasher, garbage disposal, and microwave. The construction is expected to begin in February 2025 and be completed in March 2026. The project will be developed by Linc Housing Corporation and will be located in Senate District 2 and Assembly District 2.

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

Project Number CA-24-554

Project Name Windsor Park
Site Address: 8685 Old Redwood Highway
Windsor, CA 95492
County: Sonoma
Census Tract: 1538.09

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,236,998	\$5,734,169
Recommended:	\$1,236,998	\$5,734,169

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

Tax-Exempt Bond Allocation
Recommended: \$12,991,250

CTCAC Applicant Information
CTCAC Applicant / CDLAC Sponsor: Windsor Park, L.P.
Applicant for State Credits: Linc Windsor LLC
Contact: Anders Plett
Address: 3590 Elm Avenue
Long Beach, CA 90807
Phone: 562-684-1131
Email: aplett@linchousing.org

Bond Financing Information

CDLAC Applicant/Bond Issuer: California Municipal Finance Authority
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: JPMorgan Chase Bank, NA

Development Team

General Partner(s) or Principal Owner(s): Linc Windsor LLC
General Partner Type: Nonprofit
Parent Company(ies): Linc Housing Corporation
Developer: Linc Housing Corporation
Investor/Consultant: Raymond James
Management Agent: FPI Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 33
No. / % of Low Income Units: 32 100.00%
Average Targeted Affordability: 49.07%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HOME / HUD Section 8 Project-based Vouchers
(8 Units - 25%) / VASH Project-based Vouchers (10 Units - 31%)

Information

Housing Type: Large Family
Geographic Area: Northern Region
State Ceiling Pool: Rural
Homeless Set Aside Units: 8
CDLAC Project Analyst: Anthony Wey
CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	18	56%
70% AMI*:	9	28%
80% AMI*:	5	16%

*CTCAC restricted only

Unit Mix

4 1-Bedroom Units
16 2-Bedroom Units
13 3-Bedroom Units
33 Total Units

Unit Type & Number	2023 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2 1 Bedroom	30%	\$708
2 1 Bedroom	30%	\$708
4 2 Bedrooms	30%	\$849
4 3 Bedrooms	30%	\$981
6 2 Bedrooms	30%	\$849
5 2 Bedrooms	80%	\$2,266
9 3 Bedrooms	70%	\$2,289
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,514,125
Construction Costs	\$14,611,912
Construction Hard Cost Contingency	\$762,504
Soft Cost Contingency	\$234,756
Architectural/Engineering	\$565,000
Const. Interest, Perm. Financing	\$2,781,404
Legal Fees	\$339,000
Reserves	\$200,610
Other Costs	\$2,341,497
Developer Fee	\$3,088,789
Total	\$26,439,597

Residential

Construction Cost Per Square Foot:	\$385
Per Unit Cost:	\$801,200
Estimated Hard Per Unit Cost:	\$389,213
True Cash Per Unit Cost*:	\$788,396
Bond Allocation Per Unit:	\$393,674
Bond Allocation Per Restricted Rental Unit:	\$721,736

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
JP Morgan Chase: Tax-Exempt	\$12,991,250	Citibank: Traunche A and B	\$6,463,943
JP Morgan Chase: Taxable	\$4,063,595	City of Windsor: Land Loan	\$1,765,000
City of Windsor: Land Loan	\$1,765,000	City of Windsor: Impact Fee Deferral	\$712,000
City of Windsor: Impact Fee Deferral	\$712,000	Sonoma County: HOME	\$598,302
Sonoma County: HOME	\$598,302	Accrued Interest	\$117,631
Accrued Interest	\$117,631	Deferred Developer Fee	\$422,529
Deferred Costs	\$861,160	General Partner Equity	\$100
Deferred Developer Fee	\$422,529	Tax Credit Equity	\$16,360,092
General Partner Equity	\$100	TOTAL	\$26,439,597
Tax Credit Equity	\$4,908,030		

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$23,788,419
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$30,924,945
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,236,998
Total State Credit:	\$5,734,169
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,088,789
Investor/Consultant:	Raymond James
Federal Tax Credit Factor:	\$0.91000
State Tax Credit Factor:	\$0.89000

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.

CTCAC Significant Information / Additional Conditions

Staff noted a per unit development cost of \$788,396. The applicant noted that the per unit cost is attributed to the lack of economies of scale, the requirement for the payment of federal prevailing wages, and the size and location of the project, which limited the subcontractor pool.

The project will serve 56% (18 units) Special Needs tenants, consisting of households and veterans who are homeless or at-risk of being homeless.

CDLAC Analyst Comments

None

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).

Point Criteria	New Const. Max. Points	Rehabilitation Max. Points	Points Scored
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	9
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	119

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

Tie Breaker: 78.363%