

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2024 Second Round**

**October 2, 2024**

Eureka Scattered Site Project, located at three sites (see below) in Eureka, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$14,652,743 in total state tax credits to finance the new construction of 87 units of housing serving families with rents affordable to households earning 30%-55% of area median income (AMI). 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 Project-based Vouchers. The project financing includes state funding from the Infill Infrastructure Grant (IIG) and Affordable Housing and Sustainable Communities (AHSC) programs of HCD.

<b>Project Number</b>	CA-24-142	
<b>Project Name</b>	Eureka Scattered Site Project	
Site Addresses:	Site 1	Site 2
	1310 Myrtle Avenue	6th Street & M Street
	Eureka, CA 95501	Eureka, CA 95501
	County: Humboldt	County: Humboldt
	Census Tract: 0006.00	Census Tract: 0005.00
	Site 3	
	8th Street & G Street	
	Eureka, CA 95501	
	County: Humboldt	
	Census Tract: 0001.00	

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,500,000	\$14,652,743
Recommended:	\$2,500,000	\$14,652,743

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

**Applicant Information**

Applicant:	Linc Housing Corporation
Contact:	Cecilia Ngo
Address:	3590 Elm Avenue Long Beach, CA 95501
Phone:	562-564-1134
Email:	cngo@linchousing.org
General Partner(s) / Principal Owner(s):	LINC-Eureka APTS, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Linc Housing Corporation
Developer:	Linc Housing Corporation
Investor/Consultant:	Raymond James Housing Investments, Inc.
Management Agent(s):	WinnResidential

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 3  
 Total # of Units: 90  
 No. & % of Tax Credit Units: 87 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HUD Section 8 Project-based Vouchers (25 Units - 29%) / HOME / National Housing Trust Fund (NHTF)

**Information**

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

**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:	26	25%
At or Below 50% AMI (Rural):	22	25%
At or Below 55% AMI (Rural):	39	40%

**Unit Mix**

42 1-Bedroom Units
23 2-Bedroom Units
<u>25 3-Bedroom Units</u>
90 Total Units

<u>Unit Type &amp; Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	\$496
1 2 Bedrooms	30%	\$596
6 3 Bedrooms	30%	\$688
8 1 Bedroom	50%	\$828
4 1 Bedroom	55%	\$910
3 1 Bedroom	55%	\$911
7 2 Bedrooms	55%	\$1,093
1 1 Bedroom	30%	\$496
1 2 Bedrooms	30%	\$596
7 3 Bedrooms	30%	\$688
7 1 Bedroom	50%	\$828
4 1 Bedroom	55%	\$910
6 2 Bedrooms	55%	\$1,093
1 3 Bedrooms	55%	\$1,262
1 2 Bedrooms	30%	\$596
8 3 Bedrooms	30%	\$688
7 1 Bedroom	50%	\$828
4 1 Bedroom	55%	\$910
3 1 Bedroom	55%	\$911
7 2 Bedrooms	55%	\$1,093
3 3 Bedrooms	Manager's Unit	\$0

### **Project Cost Summary at Application**

Land and Acquisition	\$1,556,040
Construction Costs	\$51,262,100
Rehabilitation Costs	\$0
Construction Contingency	\$3,328,736
Relocation	\$0
Architectural/Engineering	\$4,152,173
Const. Interest, Perm. Financing	\$7,502,466
Legal Fees	\$60,000
Reserves	\$345,097
Other Costs	\$2,319,204
Developer Fee	\$2,500,000
Commercial Costs	\$0
<b>Total</b>	<b>\$73,025,816</b>

### **Residential**

Construction Cost Per Square Foot:	\$427
Per Unit Cost:	\$811,398
True Cash Per Unit Cost*:	\$798,452

#### **Construction Financing**

Source	Amount
Wells Fargo	\$46,328,538
HCD: AHSC Grant	\$3,541,204
HCD: IIG	\$750,000
HCD: NHTF	\$13,531,613
Donated Land	\$700,000
Deferred Costs	\$1,228,718
Deferred Developer Fee	\$465,166
Tax Credit Equity	\$6,480,577

#### **Permanent Financing**

Source	Amount
CCRC <sup>1</sup>	\$2,748,000
HCD: AHSC	\$16,613,435
HCD: AHSC Grant	\$3,541,204
HCD: IIG	\$750,000
HCD: NHTF	\$15,035,126
Donated Land	\$700,000
Deferred Developer Fee	\$465,166
Tax Credit Equity	\$33,172,885
<b>TOTAL</b>	<b>\$73,025,816</b>

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

<sup>1</sup>California Community Reinvestment Corporation

### **Determination of Credit Amount(s)**

Requested Eligible Basis:	\$48,842,479
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$48,842,479
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$14,652,743
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Raymond James Housing Investments, Inc.
Federal Tax Credit Factor:	\$0.85492
State Tax Credit Factor:	\$0.80530

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:	<b>Large Family</b>
Self-Score Final:	<b>81.771%</b>
CTCAC Final:	<b>81.770%</b>

**Significant Information / Additional Conditions**

Staff noted a per unit cost of \$798,452. The applicant noted that the per unit cost is attributed to prevailing wage requirements, scattered site project building design factors, and demolition costs.

The applicant has requested and been granted a waiver to the requirement for rural set-aside applications to not exceed 80 Low Income Units, per CTCAC Regulation 10325(f)(9)(A).

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency, City of Eureka, has completed a site review of this project and strongly supports this project.

**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.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1/8 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1 mile of school grounds/facilities open to public with JUA	3	3	3
Within 1 mile of public library	3	3	3
Within 2 miles of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1 mile of a public high school	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
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
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**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.**