

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2024 Second Round

October 2, 2024

Sundance Apartments, located at 6000 White Lane in Bakersfield, requested and is being recommended for a reservation of \$1,688,763 in annual federal tax credits and \$5,564,616 in total state tax credits to finance the acquisition and rehabilitation of 59 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Community Preservation Partners and is located in Senate District 16 and Assembly District 35.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number CA-24-149

Project Name Sundance Apartments
Site Address: 6000 White Lane
Bakersfield, CA 93309
County: Kern
Census Tract: 31.25

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,688,763	\$5,564,616
Recommended:	\$1,688,763	\$5,564,616

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

Applicant Information

Applicant: Sundance Apartments, LP
Contact: Kimberley B. McClintock
Address: 531 Mill Road
Auburn, CA 95603
Phone: 530-888-7097
Email: beneficialhousing@gmail.com

General Partner(s) / Principal Owner(s): Bettencourt Properties, Inc.
The Beneficial Housing Foundation
General Partner Type: Joint Venture
Parent Company(ies): Bettencourt Properties, Inc.
The Beneficial Housing Foundation
Developer: Community Preservation Partners
Investor/Consultant: WNC & Associates, Inc.
Management Agent(s): AWI Management Corporation

Project Information

Construction Type: Acquisition and Rehabilitation
Total # Residential Buildings: 10
Total # of Units: 60
No. & % of Tax Credit Units: 59 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Contract (59 Units - 100%)

Information

Set-Aside: At-Risk
Housing Type: At-Risk
Geographic Area: N/A
CTCAC Project Analyst: Chris Saenz

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:	6	10%
At or Below 40% AMI:	15	25%
At or Below 50% AMI:	14	20%
At or Below 60% AMI:	24	40%

Unit Mix

40 2-Bedroom Units
<u>20 3-Bedroom Units</u>
60 Total Units

<u>Unit Type & Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 2 Bedrooms	30%	\$594
2 3 Bedrooms	30%	\$685
11 2 Bedrooms	40%	\$792
4 3 Bedrooms	40%	\$914
10 2 Bedrooms	50%	\$990
4 3 Bedrooms	50%	\$1,143
11 2 Bedrooms	60%	\$1,188
4 2 Bedrooms	60%	\$1,188
9 3 Bedrooms	60%	\$1,371
1 3 Bedrooms	Manager's Unit	\$2,396

Project Cost Summary at Application

Land and Acquisition	\$20,050,000
Construction Costs	\$0
Rehabilitation Costs	\$5,582,400
Construction Contingency	\$708,240
Relocation	\$120,000
Architectural/Engineering	\$193,648
Const. Interest, Perm. Financing	\$3,023,761
Legal Fees	\$30,000
Reserves	\$322,000
Other Costs	\$366,150
Developer Fee	\$2,253,026
Commercial Costs	\$0
Total	\$32,649,225

Residential

Construction Cost Per Square Foot:	\$93
Per Unit Cost:	\$544,154
True Cash Per Unit Cost*:	\$521,624

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Citibank	\$25,425,932	Citibank	\$11,513,000
Net Operating Income	\$749,834	Net Operating Income	\$749,834
Deferred Developer Fee	\$901,211	Deferred Developer Fee	\$1,351,815
Tax Credit Equity	\$5,572,248	Tax Credit Equity	\$19,034,576
		TOTAL	\$32,649,225

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$10,415,370
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$18,784,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$10,415,370
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$18,784,500
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$937,383
Maximum Annual Federal Credit, Acquisition:	\$751,380
Total Maximum Annual Federal Credit:	\$1,688,763
Total State Credit:	\$5,564,616
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,253,026
Investor/Consultant:	WNC & Associates, Inc.
Federal Tax Credit Factor:	\$0.88000
State Tax Credit Factor:	\$0.75000

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:	At-Risk
Self-Score Final:	16.239%
CTCAC Final:	16.239%

Significant Information / Additional Conditions

The applicant has requested and been granted a waiver regarding the distribution of mobility units throughout the project to meet the 10% mobility feature requirement. 6 two-bedroom units (10% of total units) with mobility features will be provided. No three-bedroom units with mobility features will be included. The architect demonstrated that due to the structural design of the three-bedroom townhouses, full compliance would be impractical and create an undue financial burden.

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, service every 30 minutes in rush hours	6	6	6
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1/2 mile of medical clinic or hospital	3	3	3
Within 1/2 mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
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 REAPPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.