

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
 CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
 Project Staff Report
 Qualified Private Activity Tax-Exempt Bond Project
 December 11, 2024**

Westside Village, located at 850 Almar Avenue in Santa Cruz on a 0.91 acre site, requested and is being recommended for a reservation of \$1,648,928 in annual federal tax credits and \$7,600,000 in total state tax credits and \$18,446,853 of tax-exempt bond cap to finance the new construction of 38 units of housing, consisting of 37 restricted rental units and 1 unrestricted manager's unit. The project will have 23 two-bedroom units, and 15 three-bedroom units, serving families with rents affordable to households earning 30%-80% of area median income (AMI). The construction is expected to begin in June 2025 and be completed in March 2027. The project will be developed by CRP Affordable Housing & Community Development LLC and will be located in Senate District 17 and Assembly District 28.

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

Project Number CA-24-740

Project Name Westside Village
 Site Address: 850 Almar Avenue
 Santa Cruz, CA 95060
 County: Santa Cruz
 Census Tract: 1011.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,648,928	\$7,600,000
Recommended:	\$1,648,928	\$7,600,000

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

Tax-Exempt Bond Allocation
 Recommended: \$18,446,853

CTCAC Applicant Information
 CTCAC Applicant/CDLAC Sponsor: CRP Westside Village LP
 Applicant for State Credits: PSCDC Westside LLC
 Contact: Paul Salib
 Address: 122 East 42nd Street, Suite 1903
 New York, NY 10168
 Phone: 212-776-1914
 Email: psalib@crpaffordable.com

Bond Financing Information
 CDLAC Applicant/Bond Issuer: California Housing Finance Agency
 Bond Counsel: Orrick, Herrington & Sutcliffe LLP
 Private Placement Purchaser: Citibank, N.A.

Development Team

General Partners or Principal Owners: PSCDC Westside LLC
 CRP Westside Village AGP LLC
 General Partner Type: Joint Venture
 Parent Companies: Pacific Southwest Community Development Corporation
 CRP Affordable Housing and Community Development LLC
 CRP Affordable Housing & Community Development LLC
 Developer: CRP Affordable Housing & Community Development LLC
 Investor/Consultant: RBC Capital Markets
 Management Agent: Cambridge Real Estate Services, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 38
 No. / % of Low Income Units: 37 100.00%
 Average Targeted Affordability: 46.21%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (26 Units - 66%)

Information

Housing Type: Large Family
 Geographic Area: Central Coast Region
 State Ceiling Pool: New Construction
 Set Aside: Extremely Low/Very Low Income Set Aside
 CDLAC Project Analyst: Amit Sarang
 CTCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI:	25	68%
80% AMI*:	12	32%

*CTCAC restricted only

Unit Mix

23 2-Bedroom Units
<u>15 3-Bedroom Units</u>
38 Total Units

<u>Unit Type & Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 2 Bedrooms	80%	\$3,259
13 2 Bedrooms	30%	\$1,222
2 3 Bedrooms	80%	\$3,766
12 3 Bedrooms	30%	\$1,412
1 3 Bedrooms	Manager Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,400,000
Construction Costs	\$19,562,120
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,007,000
Soft Cost Contingency	\$326,430
Relocation	\$0
Architectural/Engineering	\$1,250,000
Const. Interest, Perm. Financing	\$3,771,628
Legal Fees	\$325,000
Reserves	\$465,355
Other Costs	\$2,307,845
Developer Fee	\$4,136,107
Commercial Costs	\$0
Total	\$38,551,485

Residential

Construction Cost Per Square Foot:	\$502
Per Unit Cost:	\$1,014,513
Estimated Hard Per Unit Cost:	\$445,717
True Cash Per Unit Cost*:	\$963,217
Bond Allocation Per Unit:	\$485,444
Bond Allocation Per Restricted Rental Unit:	\$737,874

Construction Financing

Source	Amount
Citibank: Tax-Exempt	\$18,446,853
Citibank: Taxable	\$10,805,768
Deferred Costs	\$4,126,461
Tax Credit Equity	\$5,172,403

Permanent Financing

Source	Amount
Citibank: Tax-Exempt	\$15,912,629
Deferred Developer Fee	\$1,949,245
Tax Credit Equity	\$20,689,611
TOTAL	\$38,551,485

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$31,710,155
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$41,223,202
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,648,928
Total State Credit:	\$7,600,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,136,107
Federal Tax Credit Factor:	\$0.83992
State Tax Credit Factor:	\$0.90000

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 \$963,217. The applicant noted that the per unit cost is affected by a requirement to pay prevailing wages, specialized construction measures to address high-water table conditions at the project's site, escalating cost of construction materials, and high acquisition cost of the Santa Cruz region.

CDLAC Analyst Comments: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

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	10
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	120

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: 113.087%