

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

San Joaquin Senior, San Joaquin Apartments and California Apartments, located at 21900, 22150 and 22200 West California Avenue in San Joaquin on a 8.17 acre site, requested and is being recommended for a reservation of \$727,456 in annual federal tax credits and \$2,043,644 in total state tax credits and \$10,000,000 of tax-exempt bond cap to finance the acquisition & rehabilitation of 100 units of housing, consisting of 99 restricted rental units and 1 unrestricted manager's unit. The project has 27 one-bedroom units, 40 two-bedroom units, 25 three-bedroom units, and 8 four-bedroom units, serving families with rents affordable to households earning 30%-60% of area median income (AMI). The construction is expected to begin in March 2025 and be completed in December 2025. The project will be developed by Community Preservation Partners and is located in Senate District 14 and Assembly District 27.

San Joaquin Senior, San Joaquin Apartments and California Apartments is a re-syndication of three existing Low Income Housing Tax Credit (LIHTC) projects: San Joaquin Senior Apartments (CA-90-111), San Joaquin Apartments (CA-90-112), and California Apartments (CA-93-003). See Resyndication and Resyndication Transfer Event below for additional information. The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

Project Number CA-24-785

Project Name San Joaquin Senior, San Joaquin Apartments and California Apartments
Site Address: 21900, 22150 and 22200 West California Avenue
San Joaquin, CA 93660
County: Fresno
Census Tract: 82.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$727,456	\$2,043,644
Recommended:	\$727,456	\$2,043,644

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

Tax-Exempt Bond Allocation
Recommended: \$10,000,000

CTCAC Applicant Information
CTCAC Applicant/CDLAC Sponsor: SJ3 Investment Group, LP
Contact: Edward Mackay
Address: 531 Mill Road
Auburn, CA 95603
Phone: 530.888.7097
Email: beneficialhousing@gmail.com

Bond Financing Information
CDLAC Applicant/Bond Issuer: CMFA
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Public Sale: Credit Enhanced
Underwriter: Stifel, Nicolaus & Company
Credit Enhancement Provider: Moody's Investors Service

Development Team

General Partner(s) or Principal Owner(s): Edward Mackay Enterprises, LLC
 The Beneficial Housing Foundation
 General Partner Type: Joint Venture
 Parent Company(ies): SJ3 Investment Group, LLC
 WNC & Associates, Inc.
 Developer: Community Preservation Partners
 Investor/Consultant: WNC
 Management Agent: AWI Management Corporation

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 23
 Total # of Units: 100
 No. / % of Low Income Units: 99 100.00%
 Average Targeted Affordability: 53.93%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / USDA RHS 521 (97 Units - 98%) / USDA RD 515

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 State Ceiling Pool: Other Rehabilitation
 Set Aside: N/A
 CDLAC Project Analyst: Anthony Wey
 CTCAC Project Analyst: Chris Saenz

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	20	20%
60% AMI:	79	80%

Unit Mix

27 1-Bedroom Units
40 2-Bedroom Units
25 3-Bedroom Units
8 4-Bedroom Units
100 Total Units

Unit Type & Number	2024 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
4 1 Bedroom	30%	\$495
15 1 Bedroom	60%	\$990
1 2 Bedrooms	60%	\$1,158
1 1 Bedroom	30%	\$495
3 1 Bedroom	60%	\$990
4 2 Bedrooms	30%	\$594
14 2 Bedrooms	60%	\$1,158
2 3 Bedrooms	30%	\$685
10 3 Bedrooms	60%	\$1,371
1 4 Bedrooms	30%	\$765
2 4 Bedrooms	60%	\$1,530
1 4 Bedrooms	60%	\$1,530
1 1 Bedroom	30%	\$495
3 1 Bedroom	60%	\$990
3 2 Bedrooms	30%	\$594
18 2 Bedrooms	60%	\$1,158
3 3 Bedrooms	30%	\$685
9 3 Bedrooms	60%	\$1,371
1 4 Bedrooms	30%	\$765
3 4 Bedrooms	60%	\$1,530
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,316,411
Construction Costs	\$0
Rehabilitation Costs	\$9,300,000
Construction Hard Cost Contingency	\$928,000
Soft Cost Contingency	\$150,000
Relocation	\$450,000
Architectural/Engineering	\$407,000
Const. Interest, Perm. Financing	\$3,048,102
Legal Fees	\$150,000
Reserves	\$804,000
Other Costs	\$901,608
Developer Fee	\$2,167,910
Commercial Costs	\$0
Total	\$21,623,031

Residential

Construction Cost Per Square Foot:	\$108
Per Unit Cost:	\$216,230
Estimated Hard Per Unit Cost:	\$80,000
True Cash Per Unit Cost*:	\$212,521
Bond Allocation Per Unit:	\$100,000
Bond Allocation Per Restricted Rental Unit:	\$101,010

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Bonneville: Tax-Exempt	\$10,000,000	Bonneville: Tax-Exempt	\$8,939,000
USDA RD 515 Assumption	\$3,266,411	USDA RD 515 Assumption	\$3,266,411
Acquired Reserves	\$1,080,361	Acquired Reserves	\$1,080,361
Net Operating Income	\$206,890	Net Operating Income	\$206,890
Deferred Developer Fee	\$1,517,537	Deferred Developer Fee	\$370,951
Tax Credit Equity	\$5,551,833	Tax Credit Equity	\$7,759,418
		TOTAL	\$21,623,031

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$15,720,348
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$2,466,042
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$15,720,348
Qualified Basis (Acquisition):	\$2,466,042
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$628,814
Maximum Annual Federal Credit, Acquisition:	\$98,642
Total Maximum Annual Federal Credit:	\$727,456
Total State Credit:	\$2,043,644
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,167,910
Federal Tax Credit Factor:	\$0.87000
State Tax Credit Factor:	\$0.70000

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

This project has senior housing in combination with non-senior housing. The applicant has provided a third-party legal opinion stating that the project complies with fair housing law, per CTCAC Regulation Section 10322(h)(34).

CDLAC Analyst Comments: None.

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreements: CA-90-111, CA-93-003, and CA-90-112. To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreements and any deeper targeting levels in the new regulatory agreements for the duration of the new regulatory agreements. Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreements (CA-90-111, CA-93-003, and CA-90-112) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication where the existing regulatory agreements require service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on CTCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a re-syndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from setting aside a Short Term Work Capitalized Replacement Reserve that is otherwise required.

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	20
New Construction Density and Local Incentives	10	0	0
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	0
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	0
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
Total Points	120	110	110

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: 221.970%