

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
April 28, 2021

Arroyo Crossing, located at 47555 Jefferson Street in Indio, requested and is being recommended for a reservation of \$2,448,870 in annual federal tax credits and \$14,128,099 in total state tax credits to finance the new construction of 182 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 28 and Assembly District 56.

Project Number CA-20-489

Project Name Arroyo Crossing
Site Address: 47555 Jefferson Street
Indio, CA 922CA County: Riverside
Census Tract: 451.21

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,448,870	\$14,128,099
Recommended:	\$2,448,870	\$14,128,099

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

Applicant Information

Applicant: Central Valley Coalition for Affordable Housing
Contact: Christina Alley
Address: 3351 M Street, Suite 100
Merced, CA 95348
Phone: 209.388.0782
Email: chris@centralvalleycoalition.com

General Partner(s) or Principal Owner(s): TPC Holdings IX, LLC
Central Valley Coalition for Affordable Housing
General Partner Type: Joint Venture
Parent Company(ies): TPC Holdings IX, LLC
Central Valley Coalition for Affordable Housing
Developer: Pacific West Communities, Inc.
Investor/Consultant: Boston Financial
Management Agent: ConAm Management Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 7
Total # of Units: 184
No. / % of Low Income Units: 182 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax Exempt

Bond Information

Issuer: California Municipal Finance Authority (CMFA)
Expected Date of Issuance: October 5, 2021

Information

Housing Type: Large Family
Geographic Area: Inland Empire Region
TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

<u>Aggregate Targeting</u> <u>Number of Units</u>	<u>Percentage of</u> <u>Affordable Units</u>
30% AMI: 19	10%
50% AMI: 19	10%
60% AMI: 107	59%
80% AMI: 37	20%

Unit Mix

22 SRO/Studio Units
51 1-Bedroom Units
56 2-Bedroom Units
55 3-Bedroom Units
184 Total Units

<u>Unit Type & Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>2020 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 SRO/Studio	30%	30%	\$396
3 SRO/Studio	50%	50%	\$660
13 SRO/Studio	60%	60%	\$792
3 SRO/Studio	80%	80%	\$1,056
5 1 Bedroom	30%	30%	\$422
5 1 Bedroom	50%	50%	\$706
30 1 Bedroom	60%	60%	\$845
11 1 Bedroom	80%	80%	\$1,127
6 2 Bedrooms	30%	30%	\$508
6 2 Bedrooms	50%	50%	\$847
32 2 Bedrooms	60%	60%	\$1,014
10 2 Bedrooms	80%	80%	\$1,352
5 3 Bedrooms	30%	30%	\$587
5 3 Bedrooms	50%	50%	\$979
32 3 Bedrooms	60%	60%	\$1,172
13 3 Bedrooms	80%	80%	\$1,563
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,791,940
Construction Costs	\$32,066,151
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,620,000
Soft Cost Contingency	\$300,000
Relocation	\$0
Architectural/Engineering	\$795,000
Const. Interest, Perm. Financing	\$2,202,500
Legal Fees	\$100,000
Reserves	\$643,780
Other Costs	\$4,031,074
Developer Fee	\$6,174,224
Commercial Costs	\$0
Total	\$50,724,669

Residential

Construction Cost Per Square Foot:	\$220
Per Unit Cost:	\$275,678
True Cash Per Unit Cost*:	\$261,753

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank - T.E. Bonds (Series A)	\$27,000,000	Citibank - T.E. Bonds (Series A)	\$16,500,000
Citibank - Recycled T.E. Bonds	\$7,200,000	CVAG - TUMF Fee Waiver	\$242,060
CVAG - TUMF Fee Waiver	\$242,060	Deferred Developer Fee	\$2,320,000
Deferred Costs	\$643,780	Tax Credit Equity	\$31,662,609
Deferred Developer Fee	\$6,174,224	TOTAL	\$50,724,669
Tax Credit Equity	\$9,464,605		

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

Determination of Credit Amount(s)

Requested Eligible Basis :	\$47,093,663
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$61,221,762
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,448,870
Total State Credit:	\$14,128,099
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,174,224
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.81992
State Tax Credit Factor:	\$0.81992

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

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$47,093,663
Actual Eligible Basis:	\$47,093,663
Unadjusted Threshold Basis Limit:	\$58,743,874
Total Adjusted Threshold Basis Limit:	\$85,264,711

Adjustments to Basis Limit

Local Development Impact Fees

Highest or High Resource Opportunity Area

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units ar
Income Targeted between 50% AMI & 36% AM 10%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units ar
Income Targeted at 35% AMI or Below: 20%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses meet or exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.24% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Significant Information / Additional Conditions: 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.

TCAC 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 TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC 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 TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC 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 TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.