



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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Nancee Robles

Reservation Letter

June 16, 2021

Vincent Nicholas
Community Housing Opportunities Corporation
5030 Business Center Drive, Suite # 260
Fairfield, CA 94534

Email: vnicholas@chochousing.org

RE: Coachella Valley Apartments
84900 Bagdad Avenue
Coachella, CA 92236
CA-21-032
Allocation type: At-Risk
Completion date: December 31, 2023
Minimum low income election: 40%/60%

Dear Mr. Nicholas:

The California Tax Credit Allocation Committee ("TCAC"), in its role as administrator of the federal and California Low Income Housing Tax Credit programs established by Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), and Sections 17058, 12206, and 23610.5 of the California Revenue and Taxation Code, hereby reserves for the project (the "Project") referenced above and described in the staff report attached hereto, 2021 low income housing tax credits in the following amount(s) and under the following conditions and limitations:

\$2,500,000: in federal Tax Credits annually for each of ten years (applicable percentage of 9.00% and/or estimated 4.00% for acquisition);

\$ 0: in total state Tax Credits to be taken over a four year period.

These credit amounts have been calculated using the estimated qualified basis and estimated applicable percentage(s) identified in the attached staff report. While the actual qualified basis and applicable percentages may change, the credit amounts of the reservations stated above are maximum credit amounts and cannot be exceeded.

This Reservation is conditioned upon the Project Applicant (the "Applicant") constructing, rehabilitating or acquiring and rehabilitating the Project in accordance with the application for low income housing tax credits (the "Application") submitted to TCAC (subject to the Applicant maintaining its eligibility under all selection criteria and adhering to all conditions stated in the attached staff report) and is subject to full compliance by the Applicant with the Code and the California Code of Regulations, Title 4, Chapter 17 (the "Regulations"). This Reservation is further conditioned upon the owner posting project signage at the construction site in a manner consistent with criteria outlined on the TCAC website at: <http://www.treasurer.ca.gov/ctcac/signage/memo.pdf>. This Reservation is further conditioned upon the Project receiving an Internal Revenue Service (IRS) form 8609 in 2021 or submitting to the Committee all documentation qualifying for a Carryover Allocation as specified in Committee Regulation Section 10328(d). **For 2021 award recipients, an application for a Carryover Allocation must be submitted by October 31 of the year of the reservation, together with the applicable allocation fee and all required documentation, except that the time for meeting the "10% test" and submitting related documentation will be no later than twelve (12) months after the date of the Carryover Allocation. Failure to submit the applicable allocation fee by the deadline above will result in cancellation of this Reservation.** No change in the owner, general partner(s) of the owner, or any members of a Limited Liability Company that has an ownership interest in the Project shall occur prior to final allocation of the Tax Credits without the prior written consent of TCAC. If such consent is given, this Reservation is binding on all successors and assigns. In order to obtain a Carryover Allocation and retain this Reservation, the following must be submitted no later than October 31, except that the time for meeting the "10% test" and submitting related documentation will be no later than twelve (12) months after the date of the Carryover Allocation:

- evidence that the Applicant had uninterrupted control of the Project site since filing the original application with TCAC and, if the site is not already owned, evidence that the Applicant will maintain site control until the time for submitting the evidence of the land's purchase that will be no longer than twelve (12) months after the date of the Carryover Allocation;
- a certification, on forms supplied by TCAC, that Applicant's basis as of the date of the Carryover Allocation or the date that will be no later than twelve (12) months after the date of the Carryover Allocation, exceeds 10% of the anticipated basis of the Project upon completion (see Section 42(h)(1)(E) and applicable IRS Notices);
- evidence of site control. Evidence may take the form of any of the following: a preliminary title report issued no earlier than 30 days prior to the date of the Carryover Allocation submission; a conformed copy of the recorded grant deed; or a conformed copy of the recorded memorandum of lease;
- any other information required by the IRS or TCAC;

Applicants that received full points in the Readiness to Proceed point category must be able to begin construction, meet all of the following requirements and submit evidence of the same no later than 194 days from the date hereof, that is, no later than **December 27, 2021**. Such evidence shall include a completed updated application form along with a detailed explanation of any changes from the initial application, an executed construction contract, recorded deeds of trust for all construction financing (unless a project's location on tribal trust land precludes this), binding commitments for permanent financing, binding commitments for any other financing required to complete project construction, a limited partnership agreement executed by the general partner and the investor providing the equity, an updated TCAC Attachment 16, payment of all construction lender fees, issuance of building permits (a grading permit does not suffice to meet this requirement) or the applicable tribal documents, and notice to proceed delivered to the contractor. **Failure to meet this timeline shall result in rescission of the Credit Reservation or the issuance of negative points.**

Pursuant to Regulation Section 10328(c), the Applicant must provide the Committee with a completed updated application form in an email to TCACdocs@treasurer.ca.gov or on a flash drive no later than

194 days following the Reservation. Applicants may now submit documents for each TCAC deadline on CD or flash drive, including Placed in Service documents. **TCAC will not accept the Placed in Service documents by email or over the internet.**

Before issuance of IRS Form 8609 and/or FTB 3521A, the project owner will be required to sign a TCAC Regulatory Agreement and lease rider, if applicable, which will bind current and future owners to covenants previously agreed to by the project owner and TCAC. The project will be monitored by TCAC for the duration of the compliance period to ensure that the project is abiding by all covenants. Projects will be charged a one-time monitoring fee of \$410 per tax-credit unit. This fee must be paid before any tax forms will be issued and/or the Regulatory Agreement will be recorded. (Credits cannot be claimed if the Agreement has not been recorded.)

Within one year from the project's actual placed in service date, the Applicant must request from TCAC the issuance of Internal Revenue Service (IRS) Form(s) 8609 and submit the required documentation as specified in TCAC Regulation Section 10328(e). Prior to issuance of IRS Form 8609 and/or FTB 3521A, the project owner must submit to TCAC the following in the form of a CD/DVD/flash drive (Please do not submit these documents in a binder):

- an updated application (in MS Excel format) which shows in every respect what changes have occurred or are being proposed from the application upon which this Reservation was made (all changes are subject to approval by the Committee);
- all documents under Regulation Section 10322(i); and
- all documents required on the Placed in Service Checklist located on the TCAC website at: <http://www.treasurer.ca.gov/ctcac/inservice/checklist.pdf>

Failure to provide the required request and documentation by the deadline may result in negative points as specified in Committee Regulation Section 10325(c)(3).

No later than 5:00 p.m. on **July 6, 2021**, the Applicant must provide a check made out to the Committee in the amount of **\$100,000**, which is the **performance deposit** required for this Project. Failure to provide the performance deposit by July 6, 2021, shall result in cancellation of the reservation. The performance deposit may only be refundable under the circumstances and conditions set forth in the Committee Regulation Section 10335(d)(3).

Similarly, no later than **October 29, 2021**, the Applicant must provide a check made out to the Committee in the amount of **\$100,000**, which represents the **allocation fee** for this Project. The allocation fee is not refundable.

By accepting this Reservation, the owner understands and accepts the risks that the U.S. Congress, U.S. Department of the Treasury or the State of California may change the requirements for the award of tax credits by subsequent enactment of law or regulation. The Applicant further acknowledges that it has consulted its own tax advisor as to any consequences related to this Reservation or eventual award of tax credits.

Applicant acknowledges that it is under an affirmative obligation to advise TCAC of any material change in the nature or composition of the owner or the development team or of any of the specifics of the Project set forth in the Application.

Applicant acknowledges that, in awarding tax credits, TCAC has reserved a portion of the annual ceiling for Applicant's use, but that TCAC makes no representation that such credits can be claimed by Applicant. Applicant further acknowledges that upon its failure to meet any of the requirements in this Reservation or the

reservation itself or any other requirements of TCAC or, upon mutual consent with TCAC, the Project's reservation may be canceled and the credits returned to TCAC. Moreover, even after the award of the carryover allocation, the amount of such allocation may be adjusted if, upon the initial and subsequent feasibility determinations, TCAC determines that the Project received more credits than are necessary for financial feasibility of the Project. In addition, TCAC may rescind a reservation or allocation of credits in the event that the maximum amount of credits achievable is insufficient for financial feasibility of the Project.

TCAC accepts no responsibility for any adverse consequences to the owner if the owner chooses to proceed with the Project based upon this Reservation. The owner is advised that TCAC is required by law to evaluate the Project a minimum of two additional times. These evaluations must occur at the time of the 194-day deadline and when the Project is placed in service. Further evaluations may result in the denial of any allocation of tax credits or a reduction in the amount of tax credits finally allocated to this Project.

No TCAC committee member, officer, director, agent, or employee shall be personally liable concerning any matters arising out of, or in relation to, the undertakings or obligations set forth herein.


Please examine the provisions of this Reservation carefully, and advise me promptly if there are any errors contained herein. If you agree to the terms of this Reservation, **please sign and date this form and deliver the original letter and performance deposit no later than 5:00 p.m. on July 6, 2021** revoke this Reservation if it discovers that the Applicant has provided erroneous or fraudulent information to TCAC in connection with the Application or fails to comply with any of the requirements of TCAC. You are encouraged to keep a copy of this document for your records.

If you do not wish to accept this reservation offer, please notify this office as soon as possible so that the credit may be reserved for another project.

Executed this 16th day of June 2021.

By: 
Nancee Robles
Executive Director

Accepted this 29 day of June, 2021.

By: 
(signature)
Manuela Silva
(type or print name)
CEO
(type or print title)

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2021 First Round
June 16, 2021

Coachella Valley Apartments, located at 84900 Bagdad Avenue in Coachella, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 55 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Community Housing Opportunities Corporation and will be located in Senate District 28 and Assembly District 56.

Coachella Valley Apartments is currently at-risk, but is being recommended for a reservation of tax credits that will be preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance. The project financing includes state funding from the Joe Serna program of HCD.

Project Number CA-21-032

Project Name Coachella Valley Apartments
Site Address: 84900 Bagdad Avenue
Coachella, CA 92236 County: Riverside
Census Tract: 457.050

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

Applicant Information

Applicant: Community Housing Opportunities Corporation
Contact: Vincent Nicholas
Address: 5030 Business Center Drive, Suite # 260
Fairfield, CA 94534
Phone: (415) 940-9478
Email: vnicholas@chohousing.org

General Partner(s) / Principal Owner(s): CHOC
Eugene Burger Management Company
General Partner Type: Nonprofit
Parent Company(ies): CHOC
Eugene Burger Management Company
Developer: Community Housing Opportunities Corporation
Investor/Consultant: Alliant Capital
Management Agent(s): Sterling Asset Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 5
 Total # of Units: 56
 No. & % of Tax Credit Units: 55 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: USDA 515 and 521 Rental Assistance (28 units - 38%) / HOME

Information

Set-Aside: At-Risk
 Housing Type: Large Family
 Geographic Area: Inland Empire Region
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 12	22%
At or Below 50% AMI: 23	42%
At or Below 60% AMI: 20	36%

Unit Mix

18 1-Bedroom Units
20 2-Bedroom Units
18 3-BedroomUnits
<u>56 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 1 Bedroom	30%	\$424
5 1 Bedroom	50%	\$706
8 1 Bedroom	60%	\$706
4 2 Bedrooms	30%	\$508
8 2 Bedrooms	50%	\$847
2 2 Bedrooms	50%	\$847
6 2 Bedrooms	60%	\$847
3 3 Bedrooms	30%	\$587
3 3 Bedrooms	50%	\$979
5 3 Bedrooms	50%	\$979
6 3 Bedrooms	60%	\$979
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,323,041
Construction Costs	\$19,321,344
Rehabilitation Costs	\$0
Construction Contingency	\$1,292,313
Relocation	\$1,045,000
Architectural/Engineering	\$1,200,000
Const. Interest, Perm. Financing	\$1,511,725
Legal Fees	\$60,000
Reserves	\$251,966
Other Costs	\$5,128,550
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$35,333,939

Residential

Construction Cost Per Square Foot:	\$266
Per Unit Cost:	\$630,963
True Cash Per Unit Cost*:	\$616,909

Construction Financing

Source	Amount
Wells Fargo Construction Loan	\$21,330,497
USDA 515 Assumed Loan	\$24,826
HCD - Joe Serna Farmworkers Grant	\$5,000,000
Riverside County HOME Funds	\$1,000,000
GP Equity	\$100
Tax Credit Equity	\$2,275,000

Permanent Financing

Source	Amount
Bonneville - Section 538	\$2,123,000
USDA 515 Assumed Loan	\$24,826
HCD - Joe Serna Farmworker Grant	\$5,000,000
City of Coachella - CFD Loan	\$3,794,000
Riverside County HOME Funds	\$1,000,000
Deferred Developer Fee	\$787,013
GP Equity	\$100
Tax Credit Equity	\$22,605,000
TOTAL	\$35,333,939

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,367,521
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,778
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Alliant Capital
Federal Tax Credit Factor:	\$0.90420

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:	Large Family
Final:	50.998%

Significant Information / Additional Conditions

The project's cost per unit is approximately \$616,909. The applicant noted these cost are attributed to a new retention storm drain collector system below grade per city municipal code requirements.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, the City of Coachella, 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.

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 performance deposit and allocation 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.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, 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 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.

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 points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. 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 ½ mile of transit, service every 30 minutes in rush hours	6	6	6
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1/4 mile of a public elementary school	2	2	2
Within ¼ mile of medical clinic or hospital	3	3	3
Within ½ 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. 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
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
Enhanced Accessibility and Visitability	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 RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.