

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2025 First Round

June 18, 2025

Hollister Lofts, located at 4580 Hollister Avenue in Santa Barbara, requested and is being recommended for a reservation of \$1,790,154 in annual federal tax credits to finance the new construction of 34 units of housing serving special needs tenants with rents affordable to households earning 15%-60% of area median income (AMI). The project will be developed by Housing Authority of the County of Santa Barbara and will be located in Senate District 19 and Assembly District 37.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the No Place Like Home (NPLH) program of HCD.

Project Number CA-25-044

Project Name Hollister Lofts
Site Address: 4580 Hollister Avenue
Santa Barbara, CA 93110
County: Santa Barbara
Census Tract: 0030.05

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,790,154	\$0
Recommended:	\$1,790,154	\$0

Applicant Information

Applicant: Hollister Lofts, L.P.
Contact: Robert P. Havlicek Jr
Address: 815 West Ocean Avenue
Lompoc, CA 93436
Phone: (805) 736-3423
Email: bobhavlicek@hasbarco.org

General Partners / Principal Owners: Surf Development Company
Housing Authority of the County of Santa Barbara
General Partner Type: Nonprofit
Parent Companies: Surf Development Company
Housing Authority of the County of Santa Barbara
Developer: Housing Authority of the County of Santa Barbara
Investor/Consultant: Red Stone Equity Partners, LLC
Management Agents: Housing Authority of the County of Santa Barbara

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 35
No. & % of Tax Credit Units: 34 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (34 Units - 97.14%) / HOME

Information

Set-Aside: Special Needs
Housing Type: Special Needs
Type of Special Needs: Homeless and persons with physical, mental, development disabilities
Average Targeted Affordability of Special Needs Project Units: 38.80%
% of Special Need Units: 34 units 100.00%
Geographic Area: Central Coast Region
CTCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 20% AMI:	17	50%
At or Below 60% AMI:	17	50%

Unit Mix

29	SRO/Studio Units
5	1-Bedroom Units
1	2-Bedroom Units
<u>35</u>	<u>Total Units</u>

<u>Unit Type & Number</u>	<u>2024 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
14 SRO/Studio	15%	\$427
13 SRO/Studio	60%	\$1,708
2 SRO/Studio	60%	\$1,708
2 1 Bedroom	15%	\$458
3 1 Bedroom	60%	\$1,830
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,000,000
Construction Costs	\$17,052,802
Rehabilitation Costs	\$0
Construction Contingency	\$1,403,357
Relocation	\$0
Architectural/Engineering	\$750,000
Const. Interest, Perm. Financing	\$1,830,942
Legal Fees	\$350,000
Reserves	\$486,584
Other Costs	\$1,644,906
Developer Fee	\$2,800,000
Commercial Costs	\$0
Total	\$30,318,591

Residential

Construction Cost Per Square Foot:	\$823
Per Unit Cost:	\$866,245
True Cash Per Unit Cost*:	\$724,127

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Banc of California	\$19,630,770	Banc of California	\$3,785,824
Seller Note	\$4,000,000	Seller Note	\$4,000,000
Deferred Costs	\$4,486,153	HCD: NPLH	\$4,822,998
Tax Credit Equity	\$2,201,668	County of Santa Barbara: HOME	\$2,057,850
		Deferred Developer Fee	\$974,132
		Tax Credit Equity	\$14,677,787
		TOTAL	\$30,318,591

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$15,300,458
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$19,890,595
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,790,154
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,800,000
Federal Tax Credit Factor:	\$0.81992

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:	Special Needs
Self-Score Final:	82.429%
CTCAC Final:	82.429%

Significant Information / Additional Conditions

Staff noted a per unit development cost of \$724,127. The applicant noted that the per unit cost is attributed to increases in construction expenses, including labor and material costs, high land costs due to the project's location, and construction interest rates.

The project's 3-month operating reserve is less than the amount required under CTCAC Regulation Section 10327(c)(7)(B). Under Regulation Section 10327(a), initial application errors resulting in a shortage of sources up to 50% of the contingency line item shall be deemed covered by the contingency line item. However, at the submission of the next updated CTCAC application required by CTCAC, and all subsequent submissions to CTCAC, including the placed-in-service submission for the issuance of the IRS 8609 forms, the applicant must fund the 3-month operating reserve at a level that meets the requirement of regulation section 10327(c)(7)(B).

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, County of Santa Barbara Community Services, 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.

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 min, 25 units/acre density	7	7	7
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	0
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	0	4
Within 1 mile of a pharmacy	1	1	1
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
SPECIAL NEEDS, SRO HOUSING TYPES			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	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
State Credit Substitution	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.