

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

August 29, 2012

Project Number CA-12-851

Project Name Villa Robles
Site Address: 450 W. Springville Drive
Porterville, CA 93257 County: Tulare
Census Tract: 41.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$271,000	\$0
Recommended:	\$271,000	\$0

Applicant Information

Applicant: Villa Robles Housing L.P.
Contact: Alfredo Izmajtovich
Address: 29700 Woodford - Tehachapi Road
Keene, CA 93531
Phone: 213-362-0260 Fax: 213-362-0265
Email: afredoi@chavezfoundation.org

General partner(s) or principal owner(s): Villa Robles Housing LLC
General Partner Type: Nonprofit
Developer: Cesar Chavez Foundation
Investor: Raymond James Tax Credit Funds
Management Agent: Cesar Chavez Foundation

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 16
Total # of Units: 100
No. & % of Tax Credit Units: 100 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 40
Number of Units @ or below 60% of area median income: 59

Bond Information

Issuer: CA Statewide Communities Development
 Expected Date of Issuance: September 26, 2012
 Credit Enhancement: N/A

Information

Housing Type: Large Family
 Geographic Area: Central Region
 TCAC Project Analyst: DC Navarrette

Unit Mix

8 2-Bedroom Units
 64 3-Bedroom Units
 28 4-Bedroom Units

 100 Total Units

Unit Type & Number	2012 Rents Targeted % of Area Median Income	2012 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
3 2 Bedrooms	50%	50%	\$652
5 2 Bedrooms	60%	57%	\$739
30 3 Bedrooms	50%	50%	\$753
34 3 Bedrooms	60%	56%	\$847
7 4 Bedrooms	50%	50%	\$840
20 4 Bedrooms	60%	56%	\$937
1 4 Bedrooms	Manager's Unit	Manager's Unit	\$750

Project Financing

Estimated Total Project Cost: \$9,732,669
 Estimated Residential Project Cost: \$9,732,669

Residential

Construction Cost Per Square Foot: \$18
 Per Unit Cost: \$97,327

Construction Financing

Source	Amount
Citi Community Capital	\$4,983,900
Seller Note	\$2,833,983
GP Capital	\$100
Tax Credit Equity	\$623,301

Permanent Financing

Source	Amount
Citi Community Capital	\$3,745,000
Seller Note	\$2,833,983
GP Capital	\$100
Deferred Developer Fee	\$660,384
Tax Credit Equity	\$2,493,202
TOTAL	\$9,732,669

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$3,209,199
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$5,261,250
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$3,209,199
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	\$5,261,250
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$102,640
Maximum Annual Federal Credit, Acquisition:	\$168,360
Total Maximum Annual Federal Credit:	\$271,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,104,841
Investor:	Raymond James Tax Credit Funds
Federal Tax Credit Factor:	\$0.92000

Per Regulation Section 10322(i)(4)(A), 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, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$8,470,449
Actual Eligible Basis:	\$8,470,449
Unadjusted Threshold Basis Limit:	\$28,462,676
Total Adjusted Threshold Basis Limit:	\$39,847,746

Adjustments to Basis Limit:

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 40%

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 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 3.20% 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.

Special Issues/Other Significant Information: Per Citi Community Capital, the rent vacancies are underwritten at 8% rather than the standard TCAC underwriting requirement of 5%.

Local Reviewing Agency:

The Local Reviewing Agency, the City of Porterville, has completed a site review of this project and strongly supports this project.

Recommendation: Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual	State Tax Credits/Total
\$271,000	\$0

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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

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.

Additional Conditions: The applicant/owner is required to provide the tenants with the following service amenities free of charge for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC:

- After school program

The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project is a HERS II Rehabilitation Project that commits to improve energy efficiency above the current energy consumption of the buildings by 15%.
- The Project will implement sustainable building management practices that include: 1) development of a specific maintenance manual including replacement specifications and operating information on all energy and green building features; 2) certification of building management staff in sustainable building operations per BPI Multifamily Building Operator or equivalent training program; and 3) undertaking formal building systems commissioning, retro-commissioning, or re-commissioning as appropriate (continuous commissioning is not required).