

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2014 First Round**  
**June 11, 2014**

**Project Number** CA-14-833

**Project Name** Oak Creek Terrace  
 Site Address: 2662 First Street  
 Napa, CA 94558 County: Napa  
 Census Tract: 2007.010

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$505,043	\$1,954,036
Recommended:	\$505,043	\$1,954,036

**Applicant Information**

Applicant: Oak Creek Terrace, L.P.  
 Contact: Karina O'Briain  
 Address: 5 Financial Plaza  
 Napa, CA 94558  
 Phone: 707-251-1066 Fax: 707-255-0252  
 Email: kobriain@nvch.org

General Partner(s) / Principal Owner(s): Napa Valley Community Housing (NVCH)  
 General Partner Type: Nonprofit  
 Parent Company(ies): Napa Valley Community Housing (NVCH)  
 Developer: Napa Valley Community Housing (NVCH)  
 Burbank Housing Development Corporation  
 Investor/Consultant: California Housing Partnership Corporation  
 Management Agent: Napa Valley Community Housing (NVCH)

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 5  
 Total # of Units: 41  
 No. & % of Tax Credit Units: 40 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HOME  
 Utility Allowance: CUAC

Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	4	10 %
35% AMI:	7	15 %
45% AMI:	10	25 %
50% AMI:	10	25 %

Affordability Breakdown by % (Basis Limit Increase):

Number of Units @ or below 35% of area median income:	11
Number of Units @ or below 50% of area median income:	20
Number of Units @ or below 60% of area median income:	9

**Bond Information**

Issuer:	California Municipal Finance Agency
Expected Date of Issuance:	October 15, 2014
Credit Enhancement:	N/A

**Information**

Housing Type:	Large Family
Geographic Area:	North and East Bay Region
TCAC Project Analyst:	Connie Harina

**Unit Mix**

7	1-Bedroom Units
20	2-Bedroom Units
14	3-Bedroom Units
<hr/>	
41	Total Units

<u>Unit Type &amp; Number</u>	<u>2014 Rents Targeted % of Area Median Income</u>	<u>2014 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 2 Bedrooms	30%	30%	\$556
2 3 Bedrooms	30%	30%	\$642
1 1 Bedroom	35%	35%	\$541
2 2 Bedrooms	35%	35%	\$649
4 3 Bedrooms	35%	35%	\$749
2 1 Bedroom	45%	45%	\$695
5 2 Bedrooms	45%	45%	\$834
3 3 Bedrooms	45%	45%	\$964
1 1 Bedroom	50%	50%	\$773
5 2 Bedrooms	50%	50%	\$927
4 3 Bedrooms	50%	50%	\$1,071
3 1 Bedroom	60%	60%	\$927
6 2 Bedrooms	60%	60%	\$1,113
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost:	\$16,743,150
Estimated Residential Project Cost:	\$16,743,150

**Residential**

Construction Cost Per Square Foot:	\$203
Per Unit Cost:	\$408,370

**Construction Financing**

Source	Amount
Tax-Exempt Bonds Construction Loan	\$8,855,000
HCD - HOME	\$1,220,000
HCD Infill Infrastructure	\$1,708,720
City of Napa Housing Trust Fund	\$1,037,647
City of Napa Housing Authority Loan	\$370,175
City of Napa Offsites Reimbursement	\$82,549
County of Napa Housing Trust Fund	\$1,677,183
Deferred Costs	\$569,675
Deferred Developer Fee	\$375,500
Tax Credit Equity	\$846,701

**Permanent Financing**

Source	Amount
Tax-Exempt Bonds Permanent Loan	\$660,000
HCD - HOME	\$4,272,000
HCD Infill Infrastructure	\$1,708,720
City of Napa Housing Trust Fund	\$1,152,941
City of Napa Housing Authority Loan	\$411,305
City of Napa Offsites Reimbursement	\$91,721
County of Napa Housing Trust Fund	\$1,863,537
Deferred Developer Fee	\$375,500
Tax Credit Equity	\$6,207,426
<b>TOTAL</b>	<b>\$16,743,150</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$15,031,050
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$15,031,050
Applicable Rate:	3.36%
Maximum Annual Federal Credit:	\$505,043
Total State Credit:	\$1,954,036
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,200,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.98159
State Tax Credit Factor:	\$0.63969

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: \$15,031,050  
Actual Eligible Basis: \$15,031,050  
Unadjusted Threshold Basis Limit: \$11,997,594  
Total Adjusted Threshold Basis Limit: \$27,851,139

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages  
Local Development Impact Fees  
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 50%  
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 54%

**Tie-Breaker Information**

Final: N/A

**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 3.36% 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:** None.

**Legal Status:** Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**Local Reviewing Agency:**

The Local Reviewing Agency, the City of Napa, 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**  
**\$505,043**

**State Tax Credits/Total**  
**\$1,954,036**

### **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.

The applicant must submit all documentation required for any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation.

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 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.

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 ten 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)(6) 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.

**Additional Conditions:** None.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ½ mile of public park or community center open to general public	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1 mile fo a public high school	3	3	3
Within ½ mile of a pharmacy	1	1	1
In-unit high speed internet service	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint Rated	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 25%	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Total Points</b>	<b>126</b>	<b>126</b>	<b>126</b>

**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.**