

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2014 Second Round

September 24, 2014

Project Number CA-14-879

Project Name Maple Park Phase 2

Site Address: 9915 Maple Park

Live Oak, CA 95953

County: Sutter

Census Tract: 507.010

Tax Credit Amounts **Federal/Annual** **State/Total**

Requested: \$256,417 \$992,088

Recommended: \$256,417 \$992,088

Applicant Information

Applicant: Community Housing Improvement Program Inc. (CHIP) and
Regional Housing Authority of Sutter and Nevada Counties (RHASNC)

Contact: Kris Zappettini

Address: 1001 Willow Street

Chico, CA 95928

Phone: 530-893-6118 Fax: 530-891-8547

Email: kzap@chiphousing.org

General Partner(s)/Principal Owner(s): Community Housing Improvement Program Inc.
Regional Housing Authority of Sutter and Nevada Counties

General Partner Type: Nonprofit

Parent Company(ies): Community Housing Improvement Program Inc.
Regional Housing Authority of Sutter and Nevada Counties

Developer: CHIP and RHASNC

Investor/Consultant: California Housing Partnership Corporation

Management Agent: Community Housing Improvement Program Inc.

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: Tax-Exempt / HOME / CDBG / HUD Section 8 Project-based
Vouchers (100% - 34 Units)

HCD MHP Funding: No

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

30% AMI: 4 10 %
 40% AMI: 21 60 %

Affordability Breakdown by % (Basis Limit Increase):

Number of Units @ or below 35% of area median income: 4
 Number of Units @ or below 50% of area median income: 21
 Number of Units @ or below 60% of area median income: 9

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: 12/15/14
 Credit Enhancement: N/A

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: Capital and Northern Region
 TCAC Project Analyst: Jack Waegell

Unit Mix

32 1-Bedroom Units
 3 2-Bedroom Units

 35 Total Units

<u>Unit Type & 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>
3 1 Bedroom	30%	30%	\$307
1 2 Bedrooms	30%	30%	\$369
20 1 Bedroom	40%	40%	\$410
1 2 Bedrooms	40%	40%	\$492
9 1 Bedroom	60%	60%	\$616
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$8,613,247
Estimated Residential Project Cost:	\$8,613,247

Residential

Construction Cost Per Square Foot:	\$164
Per Unit Cost:	\$246,093

Construction Financing

Source	Amount
Wells Fargo Bank - Tax Ex. Bonds	\$4,000,000
HCD - HOME	\$2,902,495
HCD - HOME (Accrued Interest)	\$140,783
HCD - CDBG	\$49,072
AHP	\$340,000
City of Live Oak - Impact Fee Waiver	\$211,532
RHASNC - Land Donation	\$74,900
Costs Deferred Until Permanent Closing	\$690,079
Deferred Developer Fee	\$100
Tax Credit Equity	\$204,286

Permanent Financing

Source	Amount
Wells Fargo Bank-Tax Ex. Bonds	\$264,000
HCD - HOME	\$4,500,000
HCD - HOME (Accrued Interest)	\$140,783
HCD - CDBG	\$49,072
AHP	\$340,000
City of Live Oak - Impact Fee Waiver	\$211,532
RHASNC - Land Donation	\$74,900
Deferred Developer Fee	\$100
Tax Credit Equity	\$3,032,860
TOTAL	\$8,613,247

Determination of Credit Amount(s)

Requested Eligible Basis:	\$7,631,447
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$7,631,447
Applicable Rate:	3.36%
Total Maximum Annual Federal Credit:	\$256,417
Total State Credit:	\$992,088
Approved Developer Fee (in Project Cost & Eligible Basis):	\$750,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.94570
State Tax Credit Factor:	\$0.61278

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:	\$7,631,447
Actual Eligible Basis:	\$7,631,447
Unadjusted Threshold Basis Limit:	\$6,708,768
Total Adjusted Threshold Basis Limit:	\$12,277,045

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: 61%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 22%

Tie-Breaker Information

Final: **78.454%**

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:

The project has a HUD Section 8 project-based voucher subsidy on all 34 affordable units.

The services for the tenants will be provided at the community room of Maple Park Phase 1 (CA-11-025), which is located adjacent to the subject project.

This Senior project as proposed will have 802 square feet of common area available on-site for the tenants along with the use of the community room of Maple Park Phase 1 (CA-11-025) as stated above. Under TCAC Regulation Section 10325(g)(2)(G), the minimum common area required for this size project is 1,000 square feet. The project is required to increase its on-site common area to at least 1,000 square feet prior to placing in service and the issuance of the IRS 8609 forms.

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 Live Oak, 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
\$256,417

State Tax Credits/Total
\$992,088

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

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
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	3	3	3
Within 1 mile of public library	2	2	2
Within ½ mile of a neighborhood market of at least 5,000 sf	4	4	4
Within 1 mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
SENIOR HOUSING TYPE			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION			
Develop project in accordance w/ requirements of: GreenPoint Rated Multifam	5	5	5
Develop project to requirements of: GreenPoint Rated Multifami 125	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 35.0%	3	3	3
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
Total Points	126	126	126

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.