

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 20, 2015

Project Number CA-15-837

Project Name College Park II
 Site Address: Northeast Corner of Satterfield Way and Notre Dame Drive
 Chino, CA 91710 County: San Bernardino
 Census Tract: 122.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,500,891	\$0
Recommended:	\$1,500,891	\$0

Applicant Information

Applicant: BHC College Park II, L.P.
 Contact: Kim McKay
 Address: 20321 Irvine Ave, Suite F-1
 Newport Beach, CA 92660
 Phone: 949.229.7071 Fax: 949.274.7688
 Email: kmckay@bridgehousing.com

General Partner(s) or Principal Owner(s): BHC College Park II, LLC
 General Partner Type: Nonprofit
 Parent Company(ies): BRIDGE Housing Corporation
 Developer: BRIDGE Housing Corporation
 Investor/Consultant: Wells Fargo
 Management Agent: BRIDGE Property Management Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 12
 Total # of Units: 200
 No. & % of Tax Credit Units: 198 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Project-Based Section 8 Vouchers (8 Units - 4%)
 HCD MHP Funding: No
 Utility Allowance: CUAC
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 20
 Number of Units @ or below 60% of area median income: 178

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: May 20, 2015
 Credit Enhancement: N/A

Information

Housing Type: Non-Targeted
 Geographic Area: Inland Empire Region
 TCAC Project Analyst: DC Navarrette

Unit Mix

39 1-Bedroom Units
 126 2-Bedroom Units
 35 3-Bedroom Units

 200 Total Units

<u>Unit Type & Number</u>	<u>2015 Rents Targeted % of Area Median Income</u>	<u>2015 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 1 Bedroom	50%	49%	\$569
36 1 Bedroom	60%	59%	\$683
13 2 Bedrooms	50%	49%	\$683
113 2 Bedrooms	60%	59%	\$820
4 3 Bedrooms	50%	49%	\$789
29 3 Bedrooms	60%	59%	\$947
2 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$367,000
Construction Costs	\$25,001,570
Rehabilitation Costs	\$0
Construction Contingency	\$1,139,980
Relocation	\$0
Architectural/Engineering	\$1,269,750
Construction Interest, Perm Financing	\$2,421,087
Legal Fees, Appraisals	\$275,000
Reserves	\$417,904
Other Costs	\$3,947,883
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$37,340,174

Project Financing

Estimated Total Project Cost:	\$37,340,174
Estimated Residential Project Cost:	\$37,340,174

Residential

Construction Cost Per Square Foot:	\$105
Per Unit Cost:	\$186,701

Construction Financing

Source	Amount
Bank of America	\$26,384,226
Bank of America Subordinate Loan	\$2,500,000
City of Chino	\$3,800,000
Tax Credit Equity	\$2,589,036

Permanent Financing

Source	Amount
Bank of America	\$2,500,000
CCRC	\$12,514,703
CCRC Tranche B	\$1,137,667
City of Chino	\$3,800,000
Deferred Developer Fee	\$127,562
Tax Credit Equity	\$17,260,242
TOTAL	\$37,340,174

Determination of Credit Amount(s)

Requested Eligible Basis:	\$35,228,796
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$45,797,435
Applicable Rate:	3.30%
Maximum Annual Federal Credit:	\$1,500,891
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Wells Fargo
Federal Tax Credit Factor:	\$1.15000

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:	\$35,228,796
Actual Eligible Basis:	\$35,228,796
Unadjusted Threshold Basis Limit:	\$50,864,018
Total Adjusted Threshold Basis Limit:	\$55,950,420

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: 10%

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 3.30% 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.

Local Reviewing Agency:

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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
\$1,500,891	\$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 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 commits to becoming certified under GreenPoint Rated Multifamily Guidelines
- The project will be developed beyond the minimum requirements of the green building program by meeting the GreenPoint Rated 125 standard.