CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
July 15, 2015

Project Number   CA-15-852

Project Name   Terracina Oaks II Apartments
    Site Address: 1276 Oak Avenue
                          Greenfield, CA 93927   County: Monterey
    Census Tract: 112.040

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$440,943	$0
Recommended:	$440,943	$0

Applicant Information
    Applicant: Greenfield Pacific Associates II, a California Limited Partnership
    Contact: William R. Spann
    Address: 26302 Table Meadow Road
                       Auburn, CA 95602
    Phone: 530-269-3744   Fax: 530-653-2075
    Email: wspann@usamedia.tv

    General Partner(s) or Principal Owner(s):   PacH Sac-Midtown Holdings, LLC
                                                   W R Spann, LLC
    General Partner Type: Joint Venture
    Parent Company(ies):   Pacific Housing, Inc.
                                         W R Spann, LLC
    Developer: Pacific Housing, Inc.
    Investor/Consultant: US Bank CDC
    Management Agent: Buckingham Property Management

Project Information
    Construction Type: New Construction
    Total # Residential Buildings: 6
    Total # of Units: 48
    No. & % of Tax Credit Units: 47   100.00%
    Federal Set-Aside Elected: 40%/60%
    Federal Subsidy: Tax-Exempt / HOME
    HCD MHP Funding: No
    55-Year Use/Affordability: Yes
    Number of Units @ or below 35% of area median income: 8
    Number of Units @ or below 50% of area median income: 31
    Number of Units @ or below 60% of area median income: 8

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	October 1, 2015
Credit Enhancement:	None

Information

Housing Type:	Large Family
Geographic Area:	Central Coast Region
TCAC Project Analyst:	Daniel Tran

Unit Mix

24 2-Bedroom Units
24 3-Bedroom Units
48 Total Units

Unit Type & Number		2015 Rents Targeted % of Area Median Income	2015 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
2	2 Bedrooms	35%	35%	$571
5	2 Bedrooms	40%	40%	$653
14	2 Bedrooms	50%	50%	$816
3	2 Bedrooms	60%	60%	$979
6	3 Bedrooms	35%	35%	$659
7	3 Bedrooms	40%	40%	$754
5	3 Bedrooms	50%	50%	$942
5	3 Bedrooms	60%	60%	$1,131
1	3 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Cost Summary at Application

Land and Acquisition	$780,000
Construction Costs	$6,525,885
Rehabilitation Costs	$0
Construction Contingency	$325,000
Relocation	$0
Architectural/Engineering	$500,000
Construction Interest, Perm Financing	$533,400
Legal Fees, Appraisals	$60,000
Reserves	$217,614
Other Costs	$1,357,910
Developer Fee	$1,200,000
Commercial Costs	$0
Total	**$11,499,809**

Project Financing		**Residential**	
Estimated Total Project Cost:	$11,499,809	Construction Cost Per Square Foot:	$137
Estimated Residential Project Cost:	$11,499,809	Per Unit Cost:	$239,579

Construction Financing		**Permanent Financing**	
Source	Amount	Source	Amount
US Bank - Construction Loan	$6,500,000	Bonneville Mortgage	$2,400,000
City of Greenfield - HOME	$3,000,000	City of Greenfield - HOME	$4,500,000
Deferred Costs	$217,614	Deferred Developer Fee	$279,000
Deferred Developer Fee	$1,200,000	Tax Credit Equity	$4,320,809
Tax Credit Equity	$582,195	**TOTAL**	**$11,499,809**

Determination of Credit Amount(s)

Requested Eligible Basis:	$10,278,391
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis :	$13,361,908
Applicable Rate:	3.30%
Total Maximum Annual Federal Credit:	$440,943
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,200,000
Investor/Consultant:	US Bank CDC
Federal Tax Credit Factor:	$0.97990

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:	$10,278,391
Actual Eligible Basis:	$10,278,391
Unadjusted Threshold Basis Limit:	$15,715,584
Total Adjusted Threshold Basis Limit:	$35,334,235

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: 65%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 34%

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 meet 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
$440,943	$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: None