

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 22, 2009

Project Number CA-2009-868 (formerly CA-2005-923)

Project Name Tynan Village Apartments
Address: 325 Front Street
Salinas, CA 93901 County: Monterey

Applicant Information

Applicant: Tynan Affordable Housing Limited Partnership, a CA LP
Contact Starla Warren
Address: 123 Rico Street
Salinas, CA 93907
Phone: (831) 775-5000 Fax: (831) 775-5013
Email: swarren@hamonterey.org
Sponsors Type: Nonprofit

Information

Housing Type: Large Family

Bond Information

Issuer: Housing Authority of the County of Monterey
Date of Issuance: September 13, 2006
Credit Enhancement: N/A

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,320,544	\$0
Recommended:	\$1,320,544	\$0

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt/HOME/HUD Project-based Section 8
HCD MHP Funding: Yes
Total # of Units: 171
Total # Residential Buildings: 3
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 62% - 106 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 35% of area median income: 34
Number of Units @ or below 50% of area median income: 8
Number of Units @ or below 60% of area median income: 64

Eligible Basis

Actual:	\$46,700,444
Requested:	\$46,700,444
Maximum Permitted:	\$95,222,727

Adjustments to Threshold Basis Limit:

- Required to Pay Prevailing Wages
- Local Development Impact Fees
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units that are Income Targeted Between 50% AMI & 36% AMI: 4%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units that are Income Targeted at 35% AMI or Below: 40%
- 3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features
 - Projects using a Minimum Efficiency Report Value (MERV) 8 or higher air filter for HVAC systems that introduce outside air
 - Projects recycling at least 75% of the construction and demolition waste (measured by either weight or volume)
 - Projects using natural linoleum/ceramic tile/natural rubber for all kitchens and bathrooms where no VOC adhesives or backing is used
 - Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms
 - Projects using vent kitchen range hoods to the exterior of the building in at least 80% of the units

<u>Unit Type & Number</u>	<u>2009 Rents Targeted % of Area Median Income</u>	<u>2009 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 One-bedroom Units	35%	34%	\$423
11 Two-bedroom Units	35%	34%	\$508
19 Three-bedroom Units	35%	34%	\$587
2 Two-bedroom Units	40%	39%	\$581
2 Three-bedroom Units	40%	39%	\$671
4 Four-bedroom Units	40%	39%	\$748
7 One-bedroom Units	60%	58%	\$729
20 Two-bedroom Units	60%	58%	\$874
31 Three-bedroom Units	60%	58%	\$1,011
6 Four-bedroom Units	60%	58%	\$1,128
1 Two-bedroom Unit	Manager's Unit	Manager's Unit	\$0
7 One-bedroom Units	Market Rate Units	Market Rate Units	\$1,145
21 Two-bedroom Units	Market Rate Units	Market Rate Units	\$1,350
30 Three-bedroom Units	Market Rate Units	Market Rate Units	\$1,660
6 Four-bedroom Units	Market Rate Units	Market Rate Units	\$1,815

The general partner or principal owner is Tynan Village, Inc.

The project developer is Monterey County Housing Authority Development Corporation.

The management services will be provided by Housing Authority of the County of Monterey.

The market analysis was provided by Laurin Associates.

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

Project Financing

Estimated Total Project Cost: \$50,769,731 Estimated Total Commercial/Retail Cost: \$1,454,633

Est. Residential Project Cost: \$49,315,098 Per Unit Cost: \$288,392 Construction Cost Per Sq. Foot: \$212

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
US Bank	\$23,109,893	US Bank	\$23,109,893
US Bank	\$12,890,107	HCD – MHP	\$4,700,982
City of Salinas – HOME	\$2,600,000	HCD – Serna	\$1,500,000
HACM / CalHFA – HELP	\$1,000,000	City of Salinas – HOME	\$2,600,000
HACM – Bridge Loan	\$4,648,937	City of Salinas – RDA	\$2,000,000
Deferred Developer Fee	\$2,500,000	Deferred Developer Fee	\$3,021,712
Investor Equity	\$4,020,794	Investor Equity	\$13,837,144
		TOTAL	\$50,769,731

Determination of Credit Amount(s)

Requested Eligible Basis:	\$46,700,444
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Basis:	\$37,625,278
Applicable Rate (Fixed at Bond Issuance – Sept. 2006):	3.51%
Total Maximum Annual Federal Credit:	\$1,320,544
Approved Developer Fee in Total Project Cost	\$2,500,000
Approved Developer Fee in Residential Cost	\$2,406,487
Approved Developer Fee in Commercial Cost	\$93,513
Approved Developer Fee in Eligible Basis:	\$2,387,236
Investor:	Alliant Capital, Ltd.
Federal Tax Credit Factor:	\$1.0478

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 limitation. 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 3.51% of the qualified basis as the applicant has fixed the rate at bond issuance month of September 2006.

Special Issues/Other Significant Information: Project was preliminarily reserved \$580,660 in annual federal tax credits in 2005 (CA-2005-923). At placed-in-service, the applicant/owner requested more than 100% in additional credits. Pursuant to Regulation Section 10322(j), the application must be re-approved by the Committee as a new application.

Recommendation: Staff recommends that the Committee make a 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
\$1,320,544	\$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 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 will be permitted without the express approval of TCAC.

The applicant must pay TCAC an allocation 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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 (1) after school programs of an ongoing nature and (2) educational classes (English as a Second Language classes, computer training, etc.) that are not the same as after school programs 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.

Project Analyst: Anthony Zeto