

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2011 Second Round
September 28, 2011

Project Number CA-2011-105

Project Name Vista Del Rio
Site Address: 1600 West Garden Grove Blvd. (aka 1600 West Memory Lane)
Santa Ana, CA 92706 County: Orange
Census Tract: 891.070

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$641,796	\$0
Recommended:	\$641,796	\$0

Applicant Information

Applicant: Vista Del Rio Housing Partners, L.P.
Contact: Deborrah Willard
Address: 30950 Rancho Viejo Road, Suite 100
San Juan Capistrano, CA 92765
Phone: (949) 443-9101 Fax: (949) 443-9133
Email: deb@ffah.org

General partner(s) or principal owner(s): Foundation for Affordable Housing V, Inc.
General Partner Type: Nonprofit
Developer: Foundation for Affordable Housing V, Inc.
Investor: Hudson Housing Capital
Management Agent: The John Stewart Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 41
No. & % of Tax Credit Units: 40 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HOME / HUD Project-Based Section 8 (8 Units - 20%)
Average Targeted Affordability of Special Needs/SRO Project Units: 39.00%
Affordability Breakdown by Units and % (Lowest Income Points):
30% AMI: 22 55 %
50% AMI: 18 40 %

Information

Set-Aside: N/A
Housing Type: Special Needs
Type of Special Needs: Persons with physical, mental, development disabilities
% of Special Need Units: 40 units 100%
Geographic Area: Orange County
TCAC Project Analyst: DC Navarrette

Unit Mix

15 SRO/Studio Units
20 1-Bedroom Units
6 2-Bedroom Units
<u>41 Total Units</u>

<u>Unit Type & Number</u>	<u>2011 Rents Targeted % of Area Median Income</u>	<u>2011 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
8 SRO/Studio	30%	30%	\$485
7 SRO/Studio	50%	30%	\$485
10 1 Bedroom	30%	30%	\$519
10 1 Bedroom	50%	30%	\$519
4 2 Bedrooms	30%	30%	\$623
1 2 Bedrooms	50%	30%	\$623
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,203

Project Financing

Estimated Total Project Cost:	\$11,859,494
Estimated Residential Project Cost:	\$11,859,494

Residential

Construction Cost Per Square Foot:	\$113
Per Unit Cost:	\$289,256

Construction Financing

<u>Source</u>	<u>Amount</u>
Chase Bank	\$4,587,198
City of Santa Ana RDA	\$469,000
City of Santa Ana HOME	\$1,500,000
City of Santa Ana RDA Grant	\$100,000
City of Santa Ana Land Donation	\$2,900,000
FHLB - AHP	\$400,000
Deferred Developer Fee	\$709,556
Tax Credit Equity	\$1,193,740

Permanent Financing

<u>Source</u>	<u>Amount</u>
Chase Bank - Section 8 Loan	\$303,000
City of Santa Ana RDA	\$469,000
City of Santa Ana HOME	\$1,500,000
City of Santa Ana RDA Grant	\$100,000
City of Santa Ana Land Donation	\$2,900,000
Goodwill Industries	\$125,000
FHLB - AHP	\$400,000
Deferred Developer Fee	\$93,793
Tax Credit Equity	\$5,968,701
TOTAL	\$11,859,494

Determination of Credit Amount(s)

Requested Eligible Basis:	\$5,485,434
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$7,131,065
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$641,796
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,083,623
Investor:	Hudson Housing Capital
Federal Tax Credit Factor:	\$0.93000

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:	\$5,485,434
Actual Eligible Basis:	\$8,207,784
Unadjusted Threshold Basis Limit:	\$6,192,530
Total Adjusted Threshold Basis Limit:	\$7,379,062

Adjustments to Basis Limit:

- 100% of Units for Special Needs Population
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Special Needs
Second:	67.821%

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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. 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 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
\$641,796	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 180-Day Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 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 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
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
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 transit stop, service every 30 minutes in rush hours	6	6	6
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Special Needs/SRO project within 1 mile of facility serving tenant pop.	2	2	2
Within 1 mile of medical clinic or hospital	2	2	2
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
SPECIAL NEEDS AND SRO HOUSING TYPES			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 br	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: LEED	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 18%	2	2	2
Develop project to requirements of: LEED Silver	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
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	148

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.**