

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2013 First Round
June 12, 2013

Project Number CA-13-018

Project Name Mutual Housing at Spring Lake
 Site Address: SE corner of Pioneer Avenue and Farmer's Central Road
 Woodland, CA 95776 County: Yolo
 Census Tract: 112.060

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,058,154	\$3,527,179
Recommended:	\$1,058,154	\$3,527,179

Applicant Information

Applicant: Spring Lake Housing Associates, L.P.
 Contact: Rachel Iskow
 Address: 8001 Fruitridge Road, Suite A
 Sacramento, CA 95820
 Phone: (916) 453-8400 Fax: (916) 453-8401
 Email: rachel@mutualhousing.com

General partner(s) or principal owner(s): Yolo Mutual Housing Association
 General Partner Type: Nonprofit
 Developer: Mutual Housing California
 Investor/Consultant: California Housing Partnership Corporation
 Management Agent(s): Hyder and Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 5
 Total # of Units: 62
 No. & % of Tax Credit Units: 61 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: USDA RHS Section 514 and 521 (61 units - 100%)
 Utility Allowance: CUAC
 Affordability Breakdown by Units and % (Lowest Income Points):
 30% AMI: 7 10 %
 40% AMI: 13 20 %
 50% AMI: 25 40 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Capital & Northern Region
 TCAC Project Analyst: Connie Osorio

Unit Mix

12 1-Bedroom Units
 20 2-Bedroom Units
 22 3-Bedroom Units
 8 4-Bedroom Units

 62 Total Units

<u>Unit Type & Number</u>	<u>2013 Rents Targeted % of Area Median Income</u>	<u>2013 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	30%	30%	\$422
2 2 Bedrooms	30%	30%	\$506
3 3 Bedrooms	30%	30%	\$585
1 4 Bedrooms	30%	30%	\$652
2 1 Bedroom	40%	40%	\$563
6 2 Bedrooms	40%	40%	\$675
3 3 Bedrooms	40%	40%	\$780
2 4 Bedrooms	40%	40%	\$870
3 1 Bedroom	50%	50%	\$703
9 2 Bedrooms	50%	50%	\$843
9 3 Bedrooms	50%	50%	\$975
4 4 Bedrooms	50%	50%	\$1,087
6 1 Bedroom	60%	58%	\$809
3 2 Bedrooms	60%	50%	\$843
6 3 Bedrooms	60%	57%	\$1,105
1 4 Bedrooms	60%	53%	\$1,150
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,100

Project Financing

Estimated Total Project Cost:	\$21,807,596
Estimated Residential Project Cost:	\$21,807,596

Construction Financing

Source	Amount
Citibank Construction Loan	\$16,072,832
City of Woodland	\$910,000
Joe Serna Farm Worker Grant	\$1,000,000
Costs Deferred Until Perm Loan Close	\$1,208,645
Deferred Developer Fee	\$206,000
Tax Credit Equity	\$2,410,119

Residential

Construction Cost Per Square Foot:	\$175
Per Unit Cost:	\$351,735

Permanent Financing

Source	Amount
Citibank Permanent Loan - Tranche B	\$1,143,000
City of Woodland	\$910,000
USDA RHS Section 514	\$5,500,000
Joe Serna Farm Worker Grant	\$1,000,000
AHP	\$610,000
Deferred Developer Fee	\$206,000
Tax Credit Equity	\$12,438,596
TOTAL	\$21,807,596

Determination of Credit Amount(s)

Requested Eligible Basis:	\$11,757,264
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$11,757,264
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$1,058,154
Total State Credit:	\$3,527,179
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,200,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.96051
State Tax Credit Factor:	\$0.64497

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:	\$11,757,264
Actual Eligible Basis:	\$18,981,264
Unadjusted Threshold Basis Limit:	\$16,906,292
Total Adjusted Threshold Basis Limit:	\$23,400,475

Adjustments to Basis Limit:

Required to Pay Prevailing Wages
Local Development Impact Fees

Tie-Breaker Information

First: **Large Family**
Second: **63.754%**

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, 3.20%. 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:

Pursuant to Chapter 8, Category 11e of the TCAC Compliance Manual and IRS Revenue Rule 92-61, if a manager's unit is being charged rent, the eligible basis for the unit should be excluded from the development budget. Staff noted that rent will be charged by the owner for the manager’s unit at the proposed project. For all future submission of the application to TCAC, the owner should either exclude the eligible basis from the development budget or not charge rent on the manager’s unit.

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, City of Woodland, 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	State Tax Credits/Total
\$1,058,154	\$3,527,179

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed 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	16	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	2	2	2
Within ½ mile of public library	2	2	2
Within 1.5 miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within 1 mile of a public high school that site is within the attendance area	3	3	3
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint Rated Multifamily	5	5	5
Develop project to requirements of: GreenPoint Rated Multifamily 125	5	5	5
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.