

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
October 16, 2013**

**Project Number** CA-13-873

**Project Name** Rocky Hill Apartments & Bennett Hill Apartments

Site Address: **Site 1**  
225, 231 Bennett Hill Drive and  
205, 207, 213, 219, 225, 231, 237, 243, 249 & 255 Bennett Hill Court  
Vacaville, CA 9568

Census Tract: 2532.04

**Site 2**  
470 & 480 Rocky Hill Road and 110 Meadows Drive  
Vacaville, CA 9568

Census Tract: 2532.05

County: Solano

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$272,033	\$0
Recommended:	\$272,033	\$0

**Applicant Information**

Applicant: Rocky Hill Investors, L.P.  
Contact: Cyrus Youssefi  
Address: 1006 4th Street, Suite 701  
Sacramento, CA 95814  
Phone: (916) 446-4040 Fax: (916) 446-4044  
Email: cfyinc@yahoo.com

General Partner(s) or Principal Owner(s): Cyrus Youssefi, individually  
Egis Group, Inc.  
Vacaville Community Housing  
General Partner Type: Joint Venture  
Parent Company(ies): Cyrus Youssefi, individually  
Egis Group, Inc.  
Vacaville Community Housing  
Developer: C.F.Y. Development, Inc.  
Investor/Consultant: Boston Financial  
Management Agent: C.F.Y. Development, Inc.

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 15  
 Total # of Units: 64  
 No. & % of Tax Credit Units: 63 100.00%  
 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: 5  
 Number of Units @ or below 50% of area median income: 14  
 Number of Units @ or below 60% of area median income: 44

**Bond Information**

Issuer: California Statewide Communities Development Authority  
 Expected Date of Issuance: November 1, 2013  
 Credit Enhancement: N/A

**Information**

Housing Type: Non-Targeted  
 Geographic Area: North & East Bay Region  
 TCAC Project Analyst: Connie Harina

**Unit Mix**

6 1-Bedroom Units  
 58 2-Bedroom Units  


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 64 Total Units

<u>Unit Type &amp; 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>
<b>Site 1</b>			
2 1 Bedroom	50%	50%	\$739
5 2 Bedrooms	30%	30%	\$532
10 2 Bedrooms	50%	50%	\$887
24 2 Bedrooms	55%	55%	\$976
10 2 Bedrooms	60%	60%	\$1,065
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0
<b>Site 2</b>			
4 1 Bedroom	60%	60%	\$887
2 2 Bedrooms	50%	50%	\$887
3 2 Bedrooms	55%	55%	\$976
3 2 Bedrooms	60%	60%	\$1,065

**Project Financing**

Estimated Total Project Cost:	\$11,393,147
Estimated Residential Project Cost:	\$11,393,147

**Residential**

Construction Cost Per Square Foot:	\$47
Per Unit Cost:	\$178,018

**Construction Financing**

Source	Amount
Chase Bank	\$6,190,195
City of Vacaville	\$2,315,000
RDA Loan Assumption	\$503,947
City of Vacaville - Assumed HOME	\$560,000
Deferred Operating Reserve	\$141,934
Deferred Developer Fee	\$1,108,830
Tax Credit Equity	\$573,241

**Permanent Financing**

Source	Amount
CA Community Reinvestment Corp.	\$3,719,988
City of Vacaville	\$3,315,000
RDA Loan Assumption	\$503,947
City of Vacaville - Assumed HOME	\$560,000
Deferred Developer Fee	\$791,508
Tax Credit Equity	\$2,502,704
<b>TOTAL</b>	<b>\$11,393,147</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$4,415,013
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$4,086,021
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$4,415,013
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	\$4,086,021
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$141,280
Maximum Annual Federal Credit, Acquisition:	\$130,753
Total Maximum Annual Federal Credit:	\$272,033
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,108,830
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.92000

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:	\$8,501,035
Actual Eligible Basis:	\$8,501,035
Unadjusted Threshold Basis Limit:	\$17,783,860
Total Adjusted Threshold Basis Limit:	\$24,186,050

**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: 22%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 14%

**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 3.20% 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, the Department of Housing Services Vacaville, 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$272,033</b>	<b>\$0</b>

**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