

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2014 First Round
June 11, 2014

Project Number CA-14-065

Project Name Oak Park Apartments II
 Site Address: 3201 Pine Street
 Paso Robles, CA 93446 County: San Luis Obispo
 Census Tract: 101.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,706,295	\$0
Recommended:	\$1,706,295	\$0

Applicant Information

Applicant: Monterey County Housing Authority Dev. Corp.
 Contact: Starla Warren
 Address: 123 Rico Street
 Salinas, CA 93907
 Phone: (831) 796-4660 Fax: (831) 775-5017
 Email: swarren@hamonterey.org

General Partner(s)/Principal Owner(s): Housing Authority, LLC
 Paso Robles Housing Authority
 General Partner Type: Nonprofit
 Parent Company(ies): Monterey County Housing Authority Dev. Corp.
 Paso Robles Housing Authority
 Developer: Monterey County Housing Authority Dev. Corp.
 Investor/Consultant: CSG Advisors
 Management Agent(s): HA of the County of Monterey

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 12
 Total # of Units: 70
 No. & % of Tax Credit Units: 69 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HOME/HUD Project-Based Section 8 Vouchers (29 units - 42%)
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	7	10 %
40% AMI:	14	20 %
50% AMI (Rural):	28	40 %

Information

Set-Aside: Rural
 Housing Type: Large Family
 Geographic Area: N/A
 TCAC Project Analyst: Mayra Lozano

Unit Mix

10 1-Bedroom Units
 37 2-Bedroom Units
 21 3-Bedroom Units
 2 4-Bedroom Units

 70 Total Units

<u>Unit Type & Number</u>	<u>2014 Rents Targeted % of Area Median Income</u>	<u>2014 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 2 Bedrooms	30%	30%	\$507
3 3 Bedrooms	30%	30%	\$586
1 4 Bedrooms	30%	30%	\$654
2 1 Bedroom	40%	40%	\$564
10 2 Bedrooms	40%	40%	\$677
2 3 Bedrooms	40%	40%	\$782
3 1 Bedroom	50%	50%	\$705
2 2 Bedrooms	50%	50%	\$846
3 3 Bedrooms	50%	50%	\$978
3 1 Bedroom	50%	50%	\$705
10 2 Bedrooms	50%	50%	\$846
6 3 Bedrooms	50%	50%	\$978
1 4 Bedrooms	50%	50%	\$1,091
2 1 Bedroom	60%	60%	\$846
11 2 Bedrooms	60%	60%	\$1,015
7 3 Bedrooms	60%	60%	\$1,173
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$25,216,749
Estimated Residential Project Cost:	\$25,216,749

Residential

Construction Cost Per Square Foot:	\$149
Per Unit Cost:	\$360,239

Construction Financing

Source	Amount
Rabobank	\$16,480,000
Seller Financing	\$3,437,951
San Luis Obispo County HOME	\$397,049
Deferred Fees	\$889,000
Tax Credit Equity	\$2,716,704

Permanent Financing

Source	Amount
Rabobank Tranche A	\$1,610,000
Rabobank Tranche B	\$1,359,000
Seller Financing	\$3,437,951
San Luis Obispo County HOME	\$397,049
San Luis Obispo Housing Trust Fund	\$600,000
Deferred Fees	\$889,000
Deferred Developer Fee	\$100,008
Solar Tax Credit Equity	\$102,890
Tax Credit Equity	\$16,720,851
TOTAL	\$25,216,749

Determination of Credit Amount(s)

Requested Eligible Basis:	\$17,046,751
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$22,160,776
Applicable Rate:	7.70%
Maximum Annual Federal Credit:	\$1,706,295
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	CSG Advisors
Federal Tax Credit Factor:	\$0.97995

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:	\$17,046,751
Actual Eligible Basis:	\$17,522,812
Unadjusted Threshold Basis Limit:	\$17,825,224
Total Adjusted Threshold Basis Limit:	\$23,612,621

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Project has onsite renewable generation estimated to produce 50% or more of annual electricity use as indicated in TCAC Regulations.
- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.
- Install bamboo, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms where no VOC adhesives or backing is used
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Second:	33.371%

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 7.70% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.36%. 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, City of Paso Robles, 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
\$1,706,295	\$0

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	15	15
Within ¼ mile of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within 1 mile of public park or community center open to general public	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	0
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	4	0	4
Within ¾ mile of a public elementary school	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Licensed child care, available 20 hrs/week or more, M-F	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint Rated	5	5	5
Develop project to requirements of: GreenPoint Rated 100	3	3	3
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	2	2	2
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
Qualified Census Tract	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.