

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2014 Second Round
September 24, 2014

Project Number CA-14-116

Project Name Sherwood Manor Apartments
 Site Address: 7975 Sherwood Blvd.
 Los Molinos, CA 96055 County: Tehama
 Census Tract: 9.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$376,130	\$0
Recommended:	\$376,130	\$0

Applicant Information

Applicant: Micon Real Estate
 Contact: Michael L. Condry
 Address: 1370 Jensen, Suite B
 Sanger, CA 93657
 Phone: (559) 875-3330 Fax: (559) 875-3365
 Email: mcondry@miconrealestate.com

General Partner(s) / Principal Owner(s): Central Valley Coalition for Affordable Housing
 Los Molinos Sherwood Manor, LLC

General Partner Type: Joint Venture

Parent Company(ies): Central Valley Coalition for Affordable Housing
 Micon Real Estate

Developer: Micon Real Estate

Investor/Consultant: Boston Financial

Management Agent(s): MBS Property Management

Project Information

Construction Type: Acquisition and Rehabilitation

Total # Residential Buildings: 9

Total # of Units: 35

No. & % of Tax Credit Units: 34 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: USDA RHS 515 Loan / RHS 521 (34 Units - 100%)

Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	4	10 %
40% AMI:	4	10 %
50% AMI (Rural):	17	50 %

Information

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

Unit Mix

34 1-Bedroom Units
 1 2-Bedroom Units

 35 Total Units

Unit Type & Number	2014 Rents Targeted % of Area Median Income	2014 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
4 1 Bedroom	30%	30%	\$307
4 1 Bedroom	40%	40%	\$410
17 1 Bedroom	50%	50%	\$513
9 1 Bedroom	60%	60%	\$615
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$5,772,464
 Estimated Residential Project Cost: \$5,772,464

Construction Financing

Source	Amount
RaboBank	\$2,907,609
USDA RHS 515	\$1,356,892
Existing Reserves	\$117,000
Deferred Developer Fee	\$490,115
Tax Credit Equity	\$900,848

Residential

Construction Cost Per Square Foot: \$87
 Per Unit Cost: \$164,928

Permanent Financing

Source	Amount
Bonneville RHS 538 Loan	\$917,559
USDA RHS 515	\$1,356,892
Tax Credit Equity	\$3,498,013
TOTAL	\$5,772,464

Determination of Credit Amount(s)

Requested Eligible Basis: \$3,757,547
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$4,884,811
 Applicable Rate: 7.70%
 Maximum Annual Federal Credit: \$376,130
 Approved Developer Fee (in Project Cost & Eligible Basis): \$490,115
 Investor/Consultant: Boston Financial
 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:	\$3,757,547
Actual Eligible Basis:	\$5,085,547
Unadjusted Threshold Basis Limit:	\$6,817,836
Total Adjusted Threshold Basis Limit:	\$6,817,836

Adjustments to Basis Limit: N/A

Tie-Breaker Information

First:	Seniors
Second:	41.018%

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 exceeds 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: This project is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Sherwood Manor Apartments (CA-92-048).

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.

Federal Tax Credits/Annual	State Tax Credits/Total
\$376,130	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. 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 .5 mile of public library	3	3	3
Within .5 mile of a neighborhood market of at least 5,000 sf	4	4	4
Senior project within .5 mile of daily operated senior center/facility	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Sustainable Building Methods	10	10	10
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 30%	10	10	10
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.