

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 15, 2014

Project Number CA-14-894

Project Name Woodhaven Senior Residence
 Site Address: 3731 Rio Linda Blvd.
 Sacramento, CA 95838 County: Sacramento
 Census Tract: 6500.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$411,812	\$0
Recommended:	\$411,812	\$0

Applicant Information

Applicant: Woodhaven Senior LP
 Contact: Jack D. Gardner
 Address: 1388 Sutter Street, 11th Floor
 San Francisco CA 94109
 Phone: 415-345-4400 Fax: 415-614-9175
 Email: jgardner@jsco.net

General Partner(s) or Principal Owner(s): JSCo Woodhaven LLC
 AHCDC Woodhaven LLC
 General Partner Type: Joint Venture
 Parent Company(ies): The John Stewart Company
 Affordable Housing CDC Inc.
 Developer: The John Stewart Company
 Investor/Consultant: AEGON USA Realty Advisors
 Management Agent: The John Stewart Company

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 5
 Total # of Units: 104
 No. & % of Tax Credit Units: 103 100.00%
 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 50% of area median income: 103

Bond Information

Issuer: Housing Authority County of Sacramento
 Expected Date of Issuance: December 3, 2014
 Credit Enhancement: No

Information

Housing Type: Seniors
 Geographic Area: Capital and Northern Region
 TCAC Project Analyst: Mayra Lozano

Unit Mix

104 1-Bedroom Units

104 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>
103 1 Bedroom	50%	41%	\$532
1 1 Bedroom	Manager's Unit	Manager's Unit	\$500

Project Financing

Estimated Total Project Cost: \$11,164,005
 Estimated Residential Project Cost: \$11,164,005

Construction Financing

<u>Source</u>	<u>Amount</u>
JP Morgan Chase Bank	\$6,000,000
SHRA	\$1,110,838
SHRA Assumed Loan	\$1,869,277
Seller Carryback	\$451,677
Tax Credit Equity	\$796,242

Residential

Construction Cost Per Square Foot: \$91
 Per Unit Cost: \$107,346

Permanent Financing

<u>Source</u>	<u>Amount</u>
SHRA	\$4,442,611
SHRA Assumed Loan	\$1,869,277
Seller Carryback	\$451,677
Deferred Developer Fee	\$385,273
Tax Credit Equity	\$4,015,167
TOTAL	\$11,164,005

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation): \$7,743,390
 130% High Cost Adjustment: Yes
 Requested Eligible Basis (Acquisition): \$2,604,750
 Applicable Fraction: 100.00%
 Qualified Basis (Rehabilitation): \$10,066,407
 Qualified Basis (Acquisition): \$2,604,750
 Applicable Rate: 3.36%
 Maximum Annual Federal Credit, Rehabilitation: \$324,293
 Maximum Annual Federal Credit, Acquisition: \$87,519
 Total Maximum Annual Federal Credit: \$411,812
 Approved Developer Fee (in Project Cost & Eligible Basis): \$997,583
 Investor/Consultant: AEGON USA Realty Advisors
 Federal Tax Credit Factor: \$0.97500

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:	\$10,348,140
Actual Eligible Basis:	\$10,348,140
Unadjusted Threshold Basis Limit:	\$19,588,296
Total Adjusted Threshold Basis Limit:	\$39,176,592

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: 100%

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 meets 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 3.36% 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

Project is a re-syndication of an existing Low Income Housing Tax Credit project, Woodhaven Senior Residences (CA-90-104).

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
\$411,812

State Tax Credits/Total
\$0

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: The applicant/owner is required to provide the tenants with the following service amenities free of charge for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC:

- Instructor-led educational classes, health and wellness or skill-building classes on-site for a minimum of 84 hours per year
- Wellness services and programs providing individualized support for tenants on-site