

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2015 First Round
June 10, 2015

Project Number CA-15-041

Project Name Buena Vista Apartments
 Site Address: 890 Buena Vista Road
 Hollister, CA 95023 County: San Benito
 Census Tract: 3.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$515,897	\$2,012,600
Recommended:	\$515,897	\$2,012,600

Applicant Information

Applicant: CHISPA, Inc.
 Contact: Dana Cleary
 Address: 295 Main Street, Suite 100
 Salinas, CA 93901
 Phone: 831-757-6251 Fax: 83
 Email: dcleary@chispahousing.org

General Partner(s) / Principal Owner(s): CHISPA, Inc.
 General Partner Type: Nonprofit
 Parent Company(ies): CHISPA, Inc.
 Developer: CHISPA, Inc.
 Investor/Consultant: City Real Estate Advisors, Inc.
 Management Agent(s): CHISPA Housing Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 6
 Total # of Units: 41
 No. & % of Tax Credit Units: 40 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HOME
 Utility Allowance: CUAC
 Affordability Breakdown by Units and % (Lowest Income Points):
 30% AMI: 8 20 %
 50% AMI (Rural): 14 35 %
 55% AMI (Rural): 12 30 %

Information

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

Unit Mix

3 1-Bedroom Units
 25 2-Bedroom Units
 13 3-Bedroom Units

 41 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 1 Bedroom	30%	30%	\$428
3 2 Bedrooms	30%	30%	\$513
2 3 Bedrooms	30%	30%	\$593
10 2 Bedrooms	50%	50%	\$856
4 3 Bedrooms	50%	50%	\$989
8 2 Bedrooms	55%	55%	\$941
4 3 Bedrooms	55%	55%	\$1,088
4 2 Bedrooms	60%	60%	\$1,027
2 3 Bedrooms	60%	60%	\$1,187
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,187

Project Cost Summary at Application

Land and Acquisition	\$599,084
Construction Costs	\$6,793,944
Rehabilitation Costs	\$0
Construction Contingency	\$369,937
Relocation	\$0
Architectural/Engineering	\$350,000
Construction Interest, Perm Financing	\$579,025
Legal Fees, Appraisals	\$47,500
Reserves	\$97,493
Other Costs	\$827,121
Developer Fee	\$861,864
Commercial Costs	\$0
Total	\$10,525,968

Project Financing

Estimated Total Project Cost:	\$10,525,968
Estimated Residential Project Cost:	\$10,525,968

Construction Financing

Source	Amount
Rabobank, NA	\$7,363,689
San Benito County HOME	\$1,000,000
MHSA	\$585,700
GP Equity	\$331,632
Tax Credit Equity	\$250,000

Residential

Construction Cost Per Square Foot:	\$153
Per Unit Cost:	\$256,731

Permanent Financing

Source	Amount
Bonneville Multifamily Capital	\$2,280,000
San Benito County HOME	\$1,000,000
MHSA	\$585,700
Deferred Developer Fee	\$430,932
Tax Credit Equity	\$6,229,336
TOTAL	\$10,525,968

Determination of Credit Amount(s)

Requested Eligible Basis:	\$6,708,672
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$6,708,672
Applicable Rate:	7.69%
Total Maximum Annual Federal Credit:	\$515,897
Total State Credit:	\$2,012,600
Approved Developer Fee (in Project Cost & Eligible Basis):	\$861,864
Investor/Consultant:	City Real Estate Advisors, Inc.
Federal Tax Credit Factor:	\$0.95000
State Tax Credit Factor:	\$0.66000

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:	\$6,708,672
Actual Eligible Basis:	\$9,918,807
Unadjusted Threshold Basis Limit:	\$10,766,988
Total Adjusted Threshold Basis Limit:	\$11,533,475

Adjustments to Basis Limit:

- 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: **24.751%**

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 7.69% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. 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, San Benito County Planning & Building, 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
\$515,897	\$2,012,600

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
Cost Efficiency	20	8	8
Public Funds	20	12	12
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 1/3 mile of a regular bus stop or rapid transit system stop	3	3	3
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within .75 mile of public elementary school/within 1 mile of public middle school	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	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: LEED	5	5	5
Develop project to requirements of: LEED GOLD	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
Smoke Free Residence	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.