

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

August 19, 2015

Coalinga Senior Apartments, located at the South Side of Polk Street and 5th Street in Coalinga, CA, requested and is being recommended for a reservation of \$229,563 in annual federal tax credits to finance the new construction of 40 units of housing serving Seniors with rents affordable to households earning 35-60% of area median income (AMI). The project will be developed by Central Valley Coalition for Affordable Housing and will be located in Senate District 21 and Assembly District 31.

Project Number CA-15-882

Project Name Coalinga Senior Apartments
Site Address: South Side of Polk Street and 5th Street
Coalinga, CA 93210 County: Fresno
Census Tract: 81.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$229,563	\$0
Recommended:	\$229,563	\$0

Applicant Information

Applicant: Coalinga Pacific Associates, a California Limited Partnership
Contact: Christina Alley
Address: 3351 M Street, Suite 100
Merced, CA 95348
Phone: (209) 388-0782 Fax: (209) 385-3770
Email: chris@centralvalleycoalition.com

General Partner(s) or Principal Owner(s): Central Valley Coalition for Affordable Housing
General Partner Type: Nonprofit
Parent Company(ies): Central Valley Coalition for Affordable Housing
Developer: Central Valley Coalition for Affordable Housing
Investor/Consultant: Boston Capital
Management Agent: Buckingham Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 40
 No. & % of Tax Credit Units: 39 100.00%
 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: 9
 Number of Units @ or below 50% of area median income: 21
 Number of Units @ or below 60% of area median income: 9

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: October 1, 2015
 Credit Enhancement: N/A

Information

Housing Type: Seniors
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Marlene McDonough

Unit Mix

33 1-Bedroom Units
7 2-Bedroom Units
 40 Total Units

<u>Unit Type & Number</u>	<u>2015 Rents Targeted % of Area Median Income</u>	<u>2015 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
8 1 Bedroom	35%	35%	\$374
9 1 Bedroom	40%	40%	\$427
8 1 Bedroom	50%	50%	\$534
8 1 Bedroom	60%	60%	\$641
1 2 Bedrooms	35%	35%	\$448
2 2 Bedrooms	40%	40%	\$513
2 2 Bedrooms	50%	50%	\$641
1 2 Bedrooms	60%	60%	\$769
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$295,000
Construction Costs	\$4,100,875
Rehabilitation Costs	\$0
Construction Contingency	\$215,000
Relocation	\$0
Architectural/Engineering	\$445,000
Construction Interest, Perm Financing	\$417,000
Legal Fees, Appraisals	\$70,000
Reserves	\$286,024
Other Costs	\$895,123
Developer Fee	\$907,365
Commercial Costs	\$0
Total	\$7,631,387

Project Financing

Estimated Total Project Cost:	\$7,631,387
Estimated Residential Project Cost:	\$7,631,387

Residential

Construction Cost Per Square Foot:	\$150
Per Unit Cost:	\$190,785

Construction Financing

Source	Amount
Boston Capital Finance	\$4,500,000
City of Coalinga - HOME	\$1,250,000
City of Coalinga - Fee Deferral	\$477,520
Deferred Costs	\$286,024
Deferred Developer Fee	\$907,365
Tax Credit Equity	\$210,478

Permanent Financing

Source	Amount
Leopard Family Trust	\$280,000
City of Coalinga - HOME	\$4,500,000
City of Coalinga - Fee Deferral	\$477,520
Deferred Developer Fee	\$216,191
Tax Credit Equity	\$2,157,676
TOTAL	\$7,631,387

Determination of Credit Amount(s)

Requested Eligible Basis:	\$6,956,466
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$6,956,466
Applicable Rate:	3.30%
Maximum Annual Federal Credit:	\$229,563
Approved Developer Fee (in Project Cost & Eligible Basis):	\$907,365
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.93991

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:	\$6,956,466
Actual Eligible Basis:	\$6,956,466
Unadjusted Threshold Basis Limit:	\$7,421,112
Total Adjusted Threshold Basis Limit:	\$17,550,572

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 53%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 46%

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 3.30% 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, City of Coalinga, 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
\$229,563

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: None