

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2015 Second Round**  
**September 23, 2015**

Palmer Family Villas (aka Palmer Family Apartments), located at the intersection of W. Palmer and S. Siskiyou in Huron, CA, requested and is being recommended for a reservation of \$762,680 in annual federal tax credits to finance the new construction of 55 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Willow Partners, LLC and will be located in Senate District 12 and Assembly District 31.

**Project Number** CA-15-093

**Project Name** Palmer Family Villas (aka Palmer Family Apartments)  
Site Address: W. Palmer and S. Siskiyou  
Huron, CA 93234 County: Fresno  
Census Tract: 60190078.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$762,680	\$0
Recommended:	\$762,680	\$0

**Applicant Information**

Applicant: WP Palmer Family Apartments, LP  
Contact: Amelia Ross  
Address: 310 N. Westlake Blvd., # 210  
Westlake Village, CA 91362  
Phone: 805-349-8555 Fax: 805-379-8556  
Email: aross@willowpartners.com

General Partner(s) / Principal Owner(s): Community Revitalization and Development Corp.  
WP Palmer Family, LLC  
General Partner Type: Joint Venture  
Parent Company(ies): Community Revitalization and Development Corp.  
Willow Partners, LLC  
Developer: Willow Partners, LLC  
Investor/Consultant: City Real Estate Advisors, Inc.  
Management Agent(s): Buckingham Property Management

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 7  
 Total # of Units: 56  
 No. & % of Tax Credit Units: 55 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: N/A  
 Affordability Breakdown by Units and % (Lowest Income Points):  
     30% AMI: 6 10 %  
     50% AMI (Rural): 20 35 %  
     55% AMI (Rural): 22 40 %

**Information**

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

**Unit Mix**

24 2-Bedroom Units  
 32 3-Bedroom Units  


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 56 Total Units

<u>Unit Type &amp; 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>
3 2 Bedrooms	30%	30%	\$384
11 2 Bedrooms	50%	50%	\$641
10 2 Bedrooms	55%	55%	\$705
3 3 Bedrooms	30%	30%	\$444
9 3 Bedrooms	50%	50%	\$740
12 3 Bedrooms	55%	55%	\$814
7 3 Bedrooms	60%	60%	\$888
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$515,000
Construction Costs	\$6,719,000
Rehabilitation Costs	\$0
Construction Contingency	\$378,050
Relocation	\$0
Architectural/Engineering	\$625,000
Construction Interest, Perm Financing	\$720,500
Legal Fees, Appraisals	\$62,000
Reserves	\$369,329
Other Costs	\$1,671,249
Developer Fee	\$1,319,303
Commercial Costs	\$0
<b>Total</b>	<b>\$12,379,431</b>

**Project Financing**

Estimated Total Project Cost:	\$12,379,431
Estimated Residential Project Cost:	\$12,379,431

**Residential**

Construction Cost Per Square Foot:	\$110
Per Unit Cost:	\$221,061

**Construction Financing**

Source	Amount
Citibank	\$8,000,000
City of Huron - Impact Fee Waiver	\$345,000
Deferred Developer Fee	\$659,651
Tax Credit Equity	\$3,374,780

**Permanent Financing**

Source	Amount
Citibank	\$2,437,183
City of Huron - Impact Fee Waiver	\$345,000
AHP	\$560,000
Deferred Developer Fee	\$659,651
Tax Credit Equity	\$8,377,597
<b>TOTAL</b>	<b>\$12,379,431</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$7,632,079
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$9,921,703
Applicable Rate:	7.69%
Total Maximum Annual Federal Credit:	\$762,680
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,319,303
Investor/Consultant:	City Real Estate Advisors, Inc.
Federal Tax Credit Factor:	\$1.09844

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:	\$7,632,079
Actual Eligible Basis:	\$10,742,900
Unadjusted Threshold Basis Limit:	\$12,576,256
Total Adjusted Threshold Basis Limit:	\$13,799,591

**Adjustments to Basis Limit:**

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

- 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:	<b>Large Family</b>
Second:	<b>20.093%</b>

**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 meet 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:**

Palmer Family Villas is part of a multi-phase project and will be sharing a community building with Palmer Villas Senior Apartments. The applicant has provided TCAC with a legal opinion stating that the project as proposed meets all federal and state fair housing laws as it relates to the sharing of the community building.

The applicant’s estimate of contractor profit, overhead and general requirement costs exceeds TCAC limit of 14%. The applicant is cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed.

**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 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$762,680</b>	<b>\$0</b>

**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:**

TCAC must receive a reciprocal use agreement allowing residents at both sites to utilize the community building for the entire 55-year extended-use compliance period.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Cost Efficiency	20	13	13
Public Funds	20	7	7
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within ¼ mile of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1 mile of a neighborhood market of at least 5,000 sf	3	3	3
Within 1 1/4 miles of a public elementary school in attendance boundary	2	2	2
Within 1 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	1	1	1
In-unit high speed internet service	3	3	3
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
After school program for school age children, minimum of 10 hours/week	5	5	5
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint Rated	5	5	5
Develop project to requirements of: GreenPoint Rated Silver	3	3	3
Energy efficiency beyond CA Building Code Title 24 requirements: 32.5%	2	2	2
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>148</b>	<b>148</b>	<b>148</b>

**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.**