

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

October 21, 2015

Maplewood Apartments, located at 12715 Mapleview Street in Lakeside, CA, requested and is being recommended for a reservation of \$525,977 in annual federal tax credits to finance the acquisition and rehabilitation of 78 units of housing serving large families with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Community HousingWorks and will be located in Senate District 71 and Assembly District 38.

Maplewood Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Maplewood Apartments (CA-2000-800).

Project Number CA-15-910

Project Name Maplewood Apartments
Site Address: 12715 Mapleview Street
Lakeside, CA 92040 County: San Diego
Census Tract: 168.040

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$525,977	\$0
Recommended:	\$525,977	\$0

Applicant Information

Applicant: Lindo Housing Associates, L.P.
Contact: Anne B. Wilson
Address: 2815 Camino del Rio South, Suite 350
San Diego CA 92108
Phone: 619-450-8709 **Fax:** (619) 282-4145
Email: awilson@chworks.org

General Partner(s) or Principal Owner(s): Lakeside Family Housing LLC
General Partner Type: Nonprofit
Parent Company(ies): Community HousingWorks
Developer: Community HousingWorks
Investor/Consultant: Union Bank, N.A.
Management Agent: ConAm Management

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 10
 Total # of Units: 79
 No. & % of Tax Credit Units: 78 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME / CDBG
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 48
 Number of Units @ or below 60% of area median income: 30

Bond Information

Issuer: CalHFA
 Expected Date of Issuance: November 20, 2015
 Credit Enhancement: N/A

Information

Housing Type: Large Family
 Geographic Area: San Diego County
 TCAC Project Analyst: DC Navarrette

Unit Mix

51 2-Bedroom Units
 28 3-Bedroom Units

 79 Total Units

Unit Type & Number	2015 Rents Targeted % of Area Median Income	2015 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
6 2 Bedrooms	50%	35%	\$637
3 2 Bedrooms	50%	50%	\$908
22 2 Bedrooms	50%	50%	\$911
20 2 Bedrooms	60%	54%	\$990
7 3 Bedrooms	50%	35%	\$737
10 3 Bedrooms	50%	50%	\$1,053
10 3 Bedrooms	60%	57%	\$1,209
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$7,152,394
Construction Costs	\$0
Rehabilitation Costs	\$3,874,019
Construction Contingency	\$387,402
Relocation	\$243,060
Architectural/Engineering	\$215,400
Construction Interest, Perm Financing	\$844,208
Legal Fees, Appraisals	\$77,000
Reserves	\$329,176
Other Costs	\$312,640
Developer Fee	\$1,887,409
Commercial Costs	\$0
Total	\$15,322,708

Project Financing

Estimated Total Project Cost:	\$15,322,708
Estimated Residential Project Cost:	\$15,322,708

Residential

Construction Cost Per Square Foot:	\$54
Per Unit Cost:	\$193,958

Construction Financing

Source	Amount
CalHFA	\$8,596,212
San Diego County - HOME/CDBG	\$1,376,364
San Diego County - Accrued Interest	\$667,418
Seller Carryback Note	\$2,411,129
Existing Reserves	\$80,000
Tax Credit Equity	\$587,298

Permanent Financing

Source	Amount
CalHFA	\$4,220,000
San Diego County - HOME/CDBG	\$1,376,364
San Diego County - Accrued Interest	\$667,418
Seller Carryback Note	\$2,411,129
Existing Reserves	\$80,000
Income from Operations	\$330,607
General Partner Equity	\$487,409
Tax Credit Equity	\$5,749,780
TOTAL	\$15,322,708

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$6,393,893
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$8,076,242
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$8,312,061
Qualified Basis (Acquisition):	\$8,076,242
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$259,461
Maximum Annual Federal Credit, Acquisition:	\$266,516
Total Maximum Annual Federal Credit:	\$525,977
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,887,409
Investor/Consultant:	Union Bank, N.A.
Federal Tax Credit Factor:	\$1.09316

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:	\$14,470,135
Actual Eligible Basis:	\$14,470,135
Unadjusted Threshold Basis Limit:	\$25,496,224
Total Adjusted Threshold Basis Limit:	\$41,048,921

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: 61%

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, the County of San Diego Department of Housing and Community Development, has completed a site review of this project and 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
\$525,977	\$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 complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to improve energy efficiency above the modeled energy consumption of the building(s) by a 15% decrease, based on an estimated annual energy use, in the buildings Home Energy Rating System II (HERSII) post rehabilitation.