

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
January 20, 2016

Bradford Apartments, located at 126 Ripley Street, 127 Calle La Sombra, and 131 West Ponderosa Drive in Camarillo, requested and is being recommended for a reservation of \$210,969 in annual federal tax credits to finance the acquisition and rehabilitation of 26 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Area Housing Authority of the County of Ventura and is located in Senate District 19 and Assembly District 44.

Project Number CA-16-802

Project Name Bradford Apartments
Site Address: 126 Ripley Street, 127 Calle La Sombra, 131 West Ponderosa Drive
Camarillo, CA 93003 County: Ventura
Census Tract: 52.050

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$210,969	\$0
Recommended:	\$210,969	\$0

Applicant Information

Applicant: Bradford27, LP
Contact: Michael Nigh
Address: 1400 West Hillcrest Drive
Newbury Park, CA 91320
Phone: 805-480-9991 **Fax:** 805-480-1021
Email: mnigh@ahacv.org

General Partner(s) or Principal Owner(s): Area Housing Authority of the County of Ventura
General Partner Type: Nonprofit
Parent Company(ies): Area Housing Authority of the County of Ventura
Developer: Area Housing Authority of the County of Ventura
Investor/Consultant: WNC and Associates
Management Agent: Area Housing Authority of the County of Ventura

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 3
 Total # of Units: 27
 No. & % of Tax Credit Units: 26 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 3
 Number of Units @ or below 60% of area median income: 23

Bond Information

Issuer: Area Housing Authority of County of Ventura
 Expected Date of Issuance: March 31, 2016
 Credit Enhancement: N/A

Information

Housing Type: Non-Targeted
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Connie Harina

Unit Mix

24 1-Bedroom Units
 3 2-Bedroom Units

 27 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>
2 2 Bedrooms	60%	60%	\$1,224
3 1 Bedroom	50%	50%	\$850
21 1 Bedroom	60%	60%	\$1,020
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,224

Project Cost Summary at Application

Land and Acquisition	\$4,650,000
Construction Costs	\$0
Rehabilitation Costs	\$1,271,040
Construction Contingency	\$100,000
Relocation	\$270,000
Architectural/Engineering	\$71,677
Construction Interest, Perm Financing	\$248,188
Legal Fees, Appraisals	\$112,000
Reserves	\$79,792
Other Costs	\$72,808
Developer Fee	\$448,603
Commercial Costs	\$0
Total	\$7,324,108

Project Financing

Estimated Total Project Cost:	\$7,324,108
Estimated Residential Project Cost:	\$7,324,108

Residential

Construction Cost Per Square Foot:	\$68
Per Unit Cost:	\$271,263

Construction Financing

Source	Amount
Montecito Bank and Trust	\$4,250,000
Area Housing Authority*	\$2,050,000
Net Operating Income	\$286,968
Deferred Loan Fee/Operating Reserve	\$96,768
Deferred Developer Fee	\$298,603
Tax Credit Equity	\$341,769

Permanent Financing

Source	Amount
Montecito Bank and Trust	\$2,475,000
Area Housing Authority*	\$2,050,000
Net Operating Income	\$286,968
Deferred Developer Fee	\$143,678
Solar PV Tax Credit Equity	\$90,000
Tax Credit Equity	\$2,278,462
TOTAL	\$7,324,108

*Area Housing Authority of the County of Ventura Seller Carryback Note

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$2,123,066
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$3,633,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$2,759,986
Qualified Basis (Acquisition):	\$3,633,000
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$91,080
Maximum Annual Federal Credit, Acquisition:	\$119,889
Total Maximum Annual Federal Credit:	\$210,969
Approved Developer Fee (in Project Cost & Eligible Basis):	\$448,603
Investor/Consultant:	WNC and Associates
Federal Tax Credit Factor:	\$1.08000

Per Regulation Section 10322(h)(9)(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:	\$5,756,066
Actual Eligible Basis:	\$5,929,820
Unadjusted Threshold Basis Limit:	\$7,051,968
Total Adjusted Threshold Basis Limit:	\$7,827,684

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: 11%

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 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

The applicant requested and has been granted a full waiver from the requirement that 10% of units provide mobility accessibility in conformance with TCAC Regulation Section 10325(f)(7)(K) and Chapter 11(B) of the California Building Code.

Local Reviewing Agency

The Local Reviewing Agency, the City of Camarillo, 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
\$210,969	\$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.
- The project commits to include photovoltaic (PV) generation that offsets tenant loads.
- The rehabilitation project commits to including photovoltaic (PV) generation that offsets 50% of common area load (if the combined available roof area of the project structures, including carports, is insufficient for provision of 50% of annual common area electricity use then the project shall have onsite renewable generation based on at least 90% of the available solar accessible roof area).