

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**High Cost Project Staff Report**  
**2016 First Round**  
**March 16, 2016**

**Project Number** CA-16-023

**Project Name** Newport Veterans Housing  
 Site Address: 6001 Newport Shores Drive  
 Newport Beach, CA 92663 County: Orange  
 Census Tract: 636.030

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$283,962	\$0

**Applicant Information**

Applicant: Newport Veterans Housing LP  
 Contact: Eric Paine  
 Address: 3416 Via Oporto, Ste. 301  
 Newport Beach, CA 92663  
 Phone: (949) 467-1344 Fax: (949) 419-0952  
 Email: epaine@communitydevpartners.com

General Partner(s) / Principal Owner(s): CDP Newport LLC  
 Mercy Housing CHDO, Inc.  
 Affordable Housing Alliance II, Inc. dba Integrity Housing  
 General Partner Type: Joint Venture  
 Parent Company(ies): Community Development Partners  
 Mercy Housing Living Centers  
 Orange Housing Development Coroproation  
 Affordable Housing Alliance II, Inc. dba Integrity Housing  
 Developer: Community Development Partners  
 Investor/Consultant: National Equity Fund, Inc.  
 Management Agent(s): Solari Enterprises, Inc.

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 1  
 Total # of Units: 12  
 No. & % of Tax Credit Units: 12 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HUD VASH Project-based Vouchers (6 units - 50%)  
 Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%  
 Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	6	50 %
40% AMI:	2	15 %
50% AMI:	2	15 %
60% AMI:	2	15 %

**Information**

Set-Aside: N/A  
Housing Type: Special Needs / Senior  
Type of Special Needs: Homeless/formerly homeless veterans  
% of Special Need Units: 6 units 50%  
Geographic Area: Orange County

**Unit Mix**

12 1-Bedroom Units  
12 Total Units

**Project Cost Summary at Application**

Land and Acquisition	\$3,495,000
Construction Costs	\$0
Rehabilitation Costs	\$1,414,944
Construction Contingency	\$141,494
Relocation	\$117,500
Architectural/Engineering	\$93,000
Construction Interest, Perm Financing	\$158,020
Legal Fees, Appraisals	\$172,500
Reserves	\$295,614
Other Costs	\$116,178
Developer Fee	\$457,319
Commercial Costs	\$0
<b>Total</b>	<b>\$6,461,569</b>

**Project Financing**

Estimated Total Project Cost:	\$6,461,569
Estimated Residential Project Cost:	\$6,461,569

**Residential**

Construction Cost Per Square Foot:	\$231
Per Unit Cost:	\$538,464

**Construction Financing**

Source	Amount
Citibank	\$2,985,793
City of Newport Beach	\$1,975,000
Deferred Developer Fee	\$457,319
Tax Credit Equity	\$1,043,456

**Permanent Financing**

Source	Amount
Citibank	\$1,167,765
City of Newport Beach	\$1,975,000
AHP	\$240,000
Deferred Developer Fee	\$97,500
Tax Credit Equity	\$2,981,304
<b>TOTAL</b>	<b>\$6,461,569</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$2,427,027
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$3,155,135
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$283,962
Approved Developer Fee (in Project Cost & Eligible Basis):	\$457,319
Investor/Consultant:	National Equity Fund, Inc.
Federal Tax Credit Factor:	\$1.04989

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$2,427,027
Actual Eligible Basis:	\$5,382,777
Unadjusted Threshold Basis Limit:	\$1,949,808
Total Adjusted Threshold Basis Limit:	\$2,437,260

**Adjustments to Basis Limit**

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

- Project has onsite renewable generation estimated to produce 50% or more of annual electricity use as indicated in TCAC Regulations.
- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.
- 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

Seismic Upgrading

**High Cost Test**

Actual Eligible Basis:	\$5,382,777
Total Adjusted Threshold Basis Limit:	\$2,437,260
Percentage of the Adjusted Threshold Basis Limit:	220.854%

**Recommendation**

Pursuant to TCAC Regulation Section 10325(d), staff does not recommend this project for consideration of a reservation of federal nine percent (9%) low-income housing tax credits in the 2016 First Round because the total eligible basis exceeds the total adjusted threshold basis limits by more than 30%.