

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 16, 2016

Buena Vida Apartments, located at 9050-9092 Telephone Road in Ventura, requested and is being recommended for a reservation of \$1,063,700 in annual federal tax credits to finance the acquisition and rehabilitation of 94 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Homecomings, Inc. and is located in Senate District 19 and Assembly District 37.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-16-804

Project Name Buena Vida Apartments
 Site Address: 9050-9092 Telephone Road
 Ventura, CA 93004 County: Ventura
 Census Tract: 14.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,063,700	\$0
Recommended:	\$1,063,700	\$0

Applicant Information

Applicant: Buena Vida LP
 Contact: Loretta McCarty
 Address: 995 Riverside Street
 Ventura, CA 93001
 Phone: 805-648-5008 Fax: 805-643-7984
 Email: lmccarty@hacityventura.org

General Partner(s) or Principal Owner(s): Buena Vida LLC
 General Partner Type: Nonprofit
 Parent Company(ies): Housing Authority of the City of San Buenaventura
 Developer: Homecomings, Inc.
 Investor/Consultant: Raymond James Tax Credit Funds, Inc.
 Management Agent: Housing Authority of the City of San Buenaventura

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 7
 Total # of Units: 95
 No. & % of Tax Credit Units: 94 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project Based Vouchers (94 units - 100%)
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 30
 Number of Units @ or below 60% of area median income: 64

Bond Information

Issuer: Housing Authority of the City of San Buenaventura
 Expected Date of Issuance: April 20, 2016
 Credit Enhancement: N/A

Information

Housing Type: Non-Targeted
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Marlene McDonough

Unit Mix

79 1-Bedroom Units
 8 2-Bedroom Units
 4 3-Bedroom Units
 4 4-Bedroom Units

 95 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>
4 1 Bedroom	50%	35%	\$602
18 1 Bedroom	50%	35%	\$602
52 1 Bedroom	60%	35%	\$602
1 1 Bedroom	50%	37%	\$623
3 1 Bedroom	60%	37%	\$623
4 2 Bedrooms	50%	39%	\$790
4 2 Bedrooms	60%	39%	\$790
1 3 Bedrooms	50%	48%	\$1,122
3 3 Bedrooms	60%	48%	\$1,122
2 4 Bedrooms	50%	49%	\$1,286
2 4 Bedrooms	60%	49%	\$1,286
1 1 Bedroom	Manager's Unit	Manager's Unit	\$576

Project Cost Summary at Application

Land and Acquisition	\$24,710,000
Construction Costs	\$0
Rehabilitation Costs	\$6,404,346
Construction Contingency	\$634,937
Relocation	\$90,000
Architectural/Engineering	\$367,000
Construction Interest, Perm Financing	\$1,277,620
Legal Fees, Appraisals	\$111,370
Reserves	\$235,032
Other Costs	\$576,230
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$36,906,535

Project Financing

Estimated Total Project Cost:	\$36,906,535
Estimated Residential Project Cost:	\$36,906,535

Residential

Construction Cost Per Square Foot:	\$73
Per Unit Cost:	\$388,490

Construction Financing

Source	Amount
Citi Community Capital	\$20,000,000
City of Buenaventura HA*	\$14,175,000
Tax Credit Equity	\$1,191,354

Permanent Financing

Source	Amount
Citi Community Capital	\$1,000,000
City of Buenaventura HA*	\$14,175,000
City of Buenaventura HA**	\$9,700,000
Accrued Interest	\$18,000
Utility Rebates	\$100,000
Tax Credit Equity	\$11,913,535
TOTAL	\$36,906,535

* City of San Buenaventura Housing Authority - Construction/Permanent Seller Carryback Loan

** City of San Buenaventura Housing Authority - Permanent Loan

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$9,681,562
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$20,637,188
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$12,586,031
Applicable Rate:	3.36%
Qualified Basis (Acquisition):	\$20,637,188
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$382,673
Maximum Annual Federal Credit, Acquisition:	\$681,027
Total Maximum Annual Federal Credit:	\$1,063,700
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	Raymond James Tax Credit Funds, Inc.
Federal Tax Credit Factor:	\$1.12001

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:	\$30,318,750
Actual Eligible Basis:	\$30,318,750
Unadjusted Threshold Basis Limit:	\$25,969,020
Total Adjusted Threshold Basis Limit:	\$34,019,416

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: 31%

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 City of Ventura, 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
\$1,063,700	\$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.