

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

Stoneman Apartments, located at 1201 Stoneman Avenue in Pittsburg, requested and is being recommended for a reservation of \$3,860,020 in annual federal tax credits to finance the new construction of 228 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 Pacific West Communities, Inc. and is located in Senate District 7 and Assembly District 11.

**Project Number** CA-16-892

**Project Name** Stoneman Apartments  
**Site Address:** 1201 Stoneman Avenue  
Pittsburg, CA 94565 County: Contra Costa  
**Census Tract:** 3131.010

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$3,860,020	\$0
Recommended:	\$3,860,020	\$0

**Applicant Information**

**Applicant:** Pittsburg Pacific Associates, a California Limited Partnership  
**Contact:** Caleb Roope  
**Address:** 430 E. State Street, Suite 100  
Eagle, ID 83616  
**Phone:** 208.461.0022 Fax: 208.461.3267  
**Email:** calebr@tpchousing.com

**General Partner(s) or Principal Owner(s):** TPC Holdings V, LLC  
Central Valley Coalition for Affordable Housing  
**General Partner Type:** Joint Venture  
**Parent Company(ies):** TPC Holdings V, LLC  
Central Valley Coalition for Affordable Housing  
**Developer:** Pacific West Communities, Inc.  
**Investor/Consultant:** Boston Capital  
**Management Agent:** U.S. Residential Group LLC

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 12  
 Total # of Units: 230  
 No. & % of Tax Credit Units: 228 100.00%  
 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: 23  
 Number of Units @ or below 60% of area median income: 205

**Bond Information**

Issuer: CalHFA  
 Expected Date of Issuance: October 4, 2016  
 Credit Enhancement: N/A

**Information**

Housing Type: Large Family  
 Geographic Area: North and East Bay Region  
 TCAC Project Analyst: Alex Ninh

**Unit Mix**

44 1-Bedroom Units  
 116 2-Bedroom Units  
 70 3-Bedroom Units  


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 230 Total Units

<u>Unit Type &amp; Number</u>	<u>2016 Rents Targeted % of Area Median Income</u>	<u>2016 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 1 Bedroom	50%	50%	\$914
40 1 Bedroom	60%	60%	\$1,097
12 2 Bedrooms	50%	50%	\$1,097
104 2 Bedrooms	60%	60%	\$1,317
7 3 Bedrooms	50%	50%	\$1,267
61 3 Bedrooms	60%	60%	\$1,521
2 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,405,000
Construction Costs	\$61,136,420
Rehabilitation Costs	\$0
Construction Contingency	\$3,050,000
Relocation	\$0
Architectural/Engineering	\$790,000
Const. Interest, Perm. Financing	\$5,116,000
Legal Fees, Appraisals	\$130,000
Reserves	\$1,789,158
Other Costs	\$11,959,396
Developer Fee	\$9,900,000
Commercial Costs	\$0
<b>Total</b>	<b>\$95,275,974</b>

**Project Financing**

Estimated Total Project Cost:	\$95,275,974
Estimated Residential Project Cost:	\$95,275,974
Estimated Commercial Project Cost:	\$0

**Residential**

Construction Cost Per Square Foot:	\$269
Per Unit Cost:	\$414,243
True Cash Per Unit Cost*:	\$387,635

**Construction Financing**

Source	Amount
Citibank - Series A	\$54,000,000
CCRC - Series B	\$16,000,000
Deferred Contractor Fees	\$5,000,000
Deferred Costs	\$1,789,158
Deferred Developer Fee	\$9,900,000
Tax Credit Equity	\$8,586,816

**Permanent Financing**

Source	Amount
Citibank - Series A	\$25,700,000
CCRC - Series B	\$21,000,000
Deferred Developer Fee	\$6,120,000
Tax Credit Equity	\$42,455,974
<b>TOTAL</b>	<b>\$95,275,974</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$91,361,420
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$118,769,846
Applicable Rate:	3.25%
Maximum Annual Federal Credit:	\$3,860,020
Approved Developer Fee (in Project Cost & Eligible Basis):	\$9,900,000
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$1.09989

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:	\$91,361,420
Actual Eligible Basis:	\$91,361,420
Unadjusted Threshold Basis Limit:	\$73,591,104
Total Adjusted Threshold Basis Limit:	\$91,502,714

**Adjustments to Basis Limit**

Local Development Impact Fees  
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 10%

**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 3.25% 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 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

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$3,860,020</b>	<b>\$0</b>

**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:** None.