

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

Gateway Station, located at 1250 South Oxnard Boulevard in Oxnard, requested and is being recommended for a reservation of \$3,844,782 in annual federal tax credits to finance the new construction of 237 units of housing serving large families with rents affordable to households earning 50-60% AMI of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and is located in Senate District 19 and Assembly District 44.

Project Number CA-16-893

Project Name Gateway Station
Site Address: 1250 South Oxnard Boulevard
Oxnard, CA 93030 County: Ventura
Census Tract: 91.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$3,844,782	\$0
Recommended:	\$3,844,782	\$0

Applicant Information

Applicant: Oxnard Pacific Associates II, 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
Riverside Charitable Corporation
General Partner Type: Joint Venture
Parent Company(ies): TPC Holdings V, LLC
Riverside Charitable Corporation
Developer: Pacific West Communities, Inc.
Investor/Consultant: City Real Estate Advisors, Inc.
Management Agent: U.S. Residential Group LLC

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 13
 Total # of Units: 240
 No. & % of Tax Credit Units: 237 100.00%
 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: 24
 Number of Units @ or below 60% of area median income: 213

Bond Information

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

Information

Housing Type: Large Family
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Alex Ninh

Unit Mix

35 1-Bedroom Units
 88 2-Bedroom Units
 93 3-Bedroom Units
24 4-Bedroom Units
 240 Total Units

<u>Unit Type & 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%	\$876
31 1 Bedroom	60%	60%	\$1,051
9 2 Bedrooms	50%	50%	\$1,051
79 2 Bedrooms	60%	60%	\$1,261
9 3 Bedrooms	50%	50%	\$1,214
81 3 Bedrooms	60%	60%	\$1,457
2 4 Bedrooms	50%	50%	\$1,355
22 4 Bedrooms	60%	60%	\$1,626
3 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$10,605,000
Construction Costs	\$64,606,751
Rehabilitation Costs	\$0
Construction Contingency	\$3,210,000
Relocation	\$0
Architectural/Engineering	\$890,000
Const. Interest, Perm. Financing	\$4,714,000
Legal Fees, Appraisals	\$110,000
Reserves	\$1,699,602
Other Costs	\$8,429,700
Developer Fee	\$9,900,000
Commercial Costs	\$0
Total	\$104,165,053

Project Financing

Estimated Total Project Cost:	\$104,165,053
Estimated Residential Project Cost:	\$104,165,053
Estimated Commercial Project Cost:	\$0

Residential

Construction Cost Per Square Foot:	\$251
Per Unit Cost:	\$434,021
True Cash Per Unit Cost*:	\$408,896

Construction Financing

Source	Amount
Union Bank - Series A	\$65,000,000
CCRC - Series B	\$20,000,000
Deferred Contractor Fees	\$5,000,000
Deferred Costs	\$1,693,602
Deferred Developer Fee	\$9,900,000
Tax Credit Equity	\$2,571,451

Permanent Financing

Source	Amount
Union Bank - Series A	\$32,000,000
CCRC - Series B	\$25,000,000
Deferred Developer Fee	\$6,030,000
Tax Credit Equity	\$41,135,053
TOTAL	\$104,165,053

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$91,000,751
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$118,300,976
Applicable Rate:	3.25%
Total Maximum Annual Federal Credit:	\$3,844,782
Approved Developer Fee (in Project Cost & Eligible Basis):	\$9,900,000
Investor/Consultant:	City Real Estate Advisors, Inc.
Federal Tax Credit Factor:	\$1.06989

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:	\$91,000,751
Actual Eligible Basis:	\$91,000,751
Unadjusted Threshold Basis Limit:	\$79,083,631
Total Adjusted Threshold Basis Limit:	\$92,256,220

Adjustments to Basis Limit

Local Development Impact Fees
95% of Upper Floor Units are Elevator-Serviced
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 Committee:

Federal Tax Credits/Annual	State Tax Credits/Total
\$3,844,782	\$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: None.