CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 13, 2017

Twenty One and Twenty Three Nevin, located at the Southwest corner of Nevin Avenue and 23rd Street and 344 21st Street, requested and is being recommended for a reservation of $5,558,965 in annual federal tax credits to finance the new construction of 268 units of housing serving large families and seniors with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 9 and Assembly District 15.

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

Project Number	CA-17-809	
Project Name	Twenty One and Twenty Three Nevin	
Site Address:	Southwest corner of Nevin Avenue and 23rd Street and	
	344 21st Street	
	Richmond, CA 94801	County: Contra Costa
Census Tract:	3750.00	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$5,558,965	$0
Recommended:	$5,558,965	$0

Applicant Information

Applicant:	Richmond Nevin 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 VI, LLC
	Central Valley Coalition for Affordable Housing
General Partner Type:	Joint Venture
Parent Company(ies):	TPC Holdings VI, LLC
	Central Valley Coalition for Affordable Housing
Developer:	Pacific West Communities, Inc.
Investor/Consultant:	Boston Capital
Management Agent:	Aperto Property Management, Inc.

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	2	
Total # of Units:	271	
No. & % of Tax Credit Units:	268	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (162 Units - 60%)	
HCD MHP Funding:	No	
55-Year Use/Affordability:	Yes	

Number of Units @ or below 50% of area median income: 81
Number of Units @ or below 60% of area median income: 187

Bond Information

Issuer:	Contra Costa County
Expected Date of Issuance:	December 20, 2017
Credit Enhancement:	N/A

Information

Housing Type:	Large Family
Geographic Area:	North and East Bay Region
TCAC Project Analyst:	Tiffani Negrete

Unit Mix

104	SRO/Studio Units
90	1-Bedroom Units
37	2-Bedroom Units
30	3-Bedroom Units
10	4-Bedroom Units
271	Total Units

Unit Type & Number		2017 Rents Targeted % of Area Median Income	2017 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
33	SRO/Studio	50%	50%	$913
71	SRO/Studio	60%	60%	$1,096
27	1 Bedroom	50%	50%	$978
63	1 Bedroom	60%	60%	$1,174
9	2 Bedrooms	50%	50%	$1,173
25	2 Bedrooms	60%	60%	$1,408
9	3 Bedrooms	50%	50%	$1,356
21	3 Bedrooms	60%	60%	$1,627
3	4 Bedrooms	50%	50%	$1,512
7	4 Bedrooms	60%	60%	$1,815
3	2 Bedrooms	Manager's Unit	Manager's Unit	$0

Projected Lifetime Rent Benefit: $82,512,540

Project Cost Summary at Application

Land and Acquisition	$2,051,400
Construction Costs	$98,611,969
Rehabilitation Costs	$0
Construction Contingency	$5,000,000
Relocation	$0
Architectural/Engineering	$790,000
Const. Interest, Perm. Financing	$8,859,000
Legal Fees, Appraisals	$100,000
Reserves	$2,162,343
Other Costs	$9,439,777
Developer Fee	$9,800,000
Commercial Costs	$0
Total	**$136,814,489**

Project Financing

Estimated Total Project Cost:	$136,814,489
Estimated Residential Project Cost:	$136,814,489
Estimated Commercial Project Cost:	$0

Residential

Construction Cost Per Square Foot:	$388
Per Unit Cost:	$504,851
True Cash Per Unit Cost*:	$484,113

Construction Financing

Source	Amount
Citibank, N.A. - T.E. Bonds	$85,000,000
Bonneville - T.E. Bonds	$25,000,000
Deferred Costs	$6,320,638
Deferred Developer Fee	$9,800,000
Tax Credit Equity	$10,693,851

Permanent Financing

Source	Amount
Citibank, N.A. - T.E. Bonds	$52,000,000
Bonneville - T.E. Bonds	$25,000,000
Deferred Developer Fee	$5,620,000
Tax Credit Equity	$54,194,489
TOTAL	**$136,814,489**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$131,573,129
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$171,045,068
Applicable Rate:	3.25%
Total Maximum Annual Federal Credit:	$5,558,965
Approved Developer Fee (in Project Cost & Eligible Basis):	$9,800,000
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	$0.97490

Per Regulation Section 10327(c)(6), 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:	$131,573,129
Actual Eligible Basis:	$131,573,129
Unadjusted Threshold Basis Limit:	$76,112,320
Total Adjusted Threshold Basis Limit:	$134,894,734

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels

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: 30%

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

This is a project that includes both family housing and senior-restricted units in separate buildings. The family portion of the project consists of one 6-story building with a total of 52 studio units, 43 one-bedroom units, 23 two-bedroom units, 20 three-bedroom units, and 5 four-bedroom units. The senior-restricted portion consists of one 6-story building with a total of 52 studio units, 47 one-bedroom units, 14 two-bedroom units, 10 three-bedroom units, and 5 four-bedroom units.

Local Reviewing Agency

The Local Reviewing Agency, the City of Richmond, 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**
$5,558,965	**$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 is required to provide TCAC with an attorney's opinion that the project as proposed meets all federal and state fair housing laws as they relate to the combining of family units/buildings and senior-restricted units/buildings on the same site as a single project. This opinion must be included in the placed-in-service application submission to TCAC, otherwise the reservation of tax credits may be rescinded.