

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2018 First Round
June 13, 2018

Mission Court Apartments, located at SE Corner of E. Bardsley Avenue & Morrison Street in Tulare, requested and is being recommended for a reservation of \$953,787 in annual federal tax credits and \$3,179,291 in total state tax credits to finance the new construction of 64 units of housing serving large families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 16 and Assembly District 26.

Project Number CA-18-054

Project Name Mission Court Apartments
Site Address: SE Corner of E. Bardsley Avenue & Morrison Street
Tulare, CA 93274 County: Tulare
Census Tract: 24.000

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$953,787	\$3,179,291
Recommended:	\$953,787	\$3,179,291

* The applicant made an irrevocable election not to sell (Certificate) any portion of the state credits.

Applicant Information

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

General Partner(s) / Principal Owner(s): TPC Holdings V, LLC
Kaweah Management Company
General Partner Type: Joint Venture
Parent Company(ies): TPC Holdings V, LLC
Kaweah Management Company
Developer: Pacific West Communities, Inc.
Investor/Consultant: Boston Capital
Management Agent(s): Housing Authority of the County of Tulare

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 8
 Total # of Units: 65
 No. & % of Tax Credit Units: 64 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: N/A

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Carmen Doonan

55-Year Use / Affordability

<u>Aggregate Targeting</u> <u>Number of Units</u>	<u>Percentage of Affordable</u> <u>Units</u>
At or Below 30% AMI: 7	10%
At or Below 40% AMI: 10	15%
At or Below 50% AMI: 26	40%
At or Below 60% AMI: 21	30%

Unit Mix

24 2-Bedroom Units
33 3-Bedroom Units
8 4-Bedroom Units
<u>65 Total Units</u>

<u>Unit Type & Number</u>	<u>2017 Rents Targeted</u> <u>% of Area Median</u> <u>Income</u>	<u>2017 Rents Actual %</u> <u>of Area Median</u> <u>Income</u>	<u>Proposed</u> <u>Rent</u> <u>(including</u> <u>utilities)</u>
2 2 Bedrooms	30%	30%	\$405
5 2 Bedrooms	40%	40%	\$540
10 2 Bedrooms	50%	50%	\$675
7 2 Bedrooms	60%	60%	\$810
4 3 Bedrooms	30%	30%	\$467
4 3 Bedrooms	40%	40%	\$623
13 3 Bedrooms	50%	50%	\$778
11 3 Bedrooms	60%	60%	\$934
1 4 Bedrooms	30%	30%	\$521
1 4 Bedrooms	40%	40%	\$695
3 4 Bedrooms	50%	50%	\$868
3 4 Bedrooms	60%	60%	\$1,042
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$8,519,940

Project Cost Summary at Application

Land and Acquisition	\$555,000
Construction Costs	\$9,917,093
Rehabilitation Costs	\$0
Construction Contingency	\$500,000
Relocation	\$0
Architectural/Engineering	\$645,000
Const. Interest, Perm. Financing	\$576,700
Legal Fees, Appraisals	\$70,000
Reserves	\$165,847
Other Costs	\$1,587,501
Developer Fee	\$2,000,000
Commercial Costs	\$0
Total	\$16,017,141

Residential

Construction Cost Per Square Foot:	\$127
Per Unit Cost:	\$246,418
True Cash Per Unit Cost*:	\$215,648

Construction Financing

Source	Amount
Boston Capital	\$8,837,866
County of Tulare ¹	\$2,750,000
Deferred Costs	\$165,847
Deferred Developer Fee	\$2,000,000
Tax Credit Equity	\$2,263,428

Permanent Financing

Source	Amount
Boston Capital	\$1,950,000
County of Tulare ¹	\$2,750,000
Tax Credit Equity	\$11,317,141
TOTAL	\$16,017,141

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

¹Housing Authority of the County of Tulare

Determination of Credit Amount(s)

Requested Eligible Basis:	\$10,597,637
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$10,597,637
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$953,787
Total State Credit:	\$3,179,291
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.93991
State Tax Credit Factor:	\$0.73993

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, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$10,597,637
Actual Eligible Basis:	\$14,497,637
Unadjusted Threshold Basis Limit:	\$21,244,496
Total Adjusted Threshold Basis Limit:	\$22,262,840

Adjustments to Basis Limit

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Final:	24.012%

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 meet 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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.25%. 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.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Legal Status

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

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.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 1/2 mile of transit, service every 30 minutes in rush hours	6	6	6
Within 1 mile from a public high school	3	3	3
Within 1/2 mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	1	1	1
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Sustainable Building Methods	5	5	5
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements: GreenPoint Rated Program	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	113	113	113

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.