

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

Victory Village, located at 2626 Sir Francis Drake Boulevard in Fairfax, requested and is being recommended for a reservation of \$1,410,846 in annual federal tax credits to finance the new construction of 53 units of housing serving seniors with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Resources for Community Development and will be located in Senate District 2 and Assembly District 10.

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

Project Number CA-18-058

Project Name Victory Village
 Site Address: 2626 Sir Francis Drake Boulevard
 Fairfax, CA 94930 County: Marin
 Census Tract: 1142.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,410,846	\$0
Recommended:	\$1,410,846	\$0

Applicant Information

Applicant: Resources for Community Development
 Contact: Daniel Sawislak
 Address: 2220 Oxford Street
 Berkeley, CA 94704
 Phone: (510) 841-4410
 Email: dsawislak@rcdhousing.org

General Partner(s) / Principal Owner(s): RCD GP III, LLC
 General Partner Type: Nonprofit
 Parent Company(ies): Resources for Community Development
 Developer: Resources for Community Development
 Investor/Consultant: California Housing Partnership Corporation
 Management Agent(s): The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 54
 No. & % of Tax Credit Units: 53 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HOME/HUD Section 8 Project-based Vouchers (53 units / 100%)/CDBG

Information

Set-Aside: N/A
 Housing Type: Seniors
 Geographic Area: Northern Region: Marin County
 TCAC Project Analyst: Jack Waegell

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 6	10%
At or Below 40% AMI: 9	15%
At or Below 50% AMI: 38	40%

Unit Mix

53 1-Bedroom Units
<u>1 2-Bedroom Units</u>
54 Total Units

<u>Unit Type & Number</u>	<u>2017 Rents Targeted % of Area Median Income</u>	<u>2017 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 1 Bedroom	30%	30%	\$740
9 1 Bedroom	40%	40%	\$987
38 1 Bedroom	50%	50%	\$1,234
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$26,929,980

Project Cost Summary at Application

Land and Acquisition	\$3,999,751
Construction Costs	\$16,416,692
Rehabilitation Costs	\$0
Construction Contingency	\$870,307
Relocation	\$157,500
Architectural/Engineering	\$986,355
Const. Interest, Perm. Financing	\$2,236,181
Legal Fees, Appraisals	\$26,000
Reserves	\$385,572
Other Costs	\$1,328,527
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$28,606,885

Residential

Construction Cost Per Square Foot:	\$333
Per Unit Cost:	\$529,757
True Cash Per Unit Cost*:	\$481,805

Construction Financing

Source	Amount
Bank of the West Construction Loan	\$20,360,000
Marin Community Foundation	\$1,050,000
Marin County CDBG & HOME	\$861,876
Marin County Housing Trust Fund	\$1,100,000
Tamalapais Pacific	\$250,000
Land Donation	\$1,655,000
Permit Fee Waiver	\$134,401
Costs Deferred During Construction	\$1,122,302
GP Contribution (PG&E Rebate)	\$13,230
Deferred Developer Fee	\$800,000
Tax Credit Equity	\$1,260,076

Permanent Financing

Source	Amount
Bank of the West NOI Loan	\$988,182
Bank of the West S8 Loan	\$8,453,157
Marin Community Foundation	\$1,050,000
Marin County CDBG & HOME	\$861,876
Marin County Housing Trust Fund	\$1,100,000
Tamalapais Pacific	\$250,000
Land Donation	\$1,655,000
Permit Fee Waiver	\$134,401
GP Contribution (PG&E Rebate)	\$13,230
Deferred Developer Fee	\$800,000
Tax Credit Equity	\$13,301,039
TOTAL	\$28,606,885

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$12,058,517
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$15,676,072
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,410,846
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.94277

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:	\$12,058,517
Actual Eligible Basis:	\$22,389,323
Unadjusted Threshold Basis Limit:	\$15,602,137
Total Adjusted Threshold Basis Limit:	\$23,608,376

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

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.
- New construction: project buildings are at least 15% more energy efficient than 2016 Energy Efficiency Standards (California Code of Regulations, Title 24, Part 6) as indicated in TCAC Regulations.
- Community gardens of at least 60 square feet per unit
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms where no VOC adhesives or backing is used
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all common areas where no VOC adhesives or backing is also used

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Highest or High Resource Opportunity Area

Tie-Breaker Information

First:	Seniors
Final:	52.991%

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 9.0% 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.

Significant Information / Additional Conditions

This project's development costs are estimated at \$529,757 per unit. It is a moderately sized project comprised entirely of one-bedroom units except for the 1 two-bedroom manager's unit. In addition, it will have an elevator and incorporate several energy and resource conservation features as listed on page 4 of this staff report. Also contributing to the project's cost is the necessity to construct rock debris fences to protect the project from rock slides from the adjacent ravines.

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, the Town of Fairfax, has completed a site review of this project and strongly supports this project.

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 ½ mile of transit (van or dial-a-ride service for rural set-aside)	4	4	4
Residents provided free or discounted transit passes, 1 pass per unit	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1 mile of a weekly farmers' market operating at least 5 months/year	1	1	1
In-unit high speed internet service	2	2	2
Service Amenities	10	10	10
SENIOR TYPE			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
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.