CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 16, 2018

Park Manor Apartments, located at 24200 Silva Avenue in Hayward, requested and is being recommended for a reservation of $637,469 in annual federal tax credits to finance the acquisition and rehabilitation of 80 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by SPFI Development I, LP and is located in Senate District 10 and Assembly District 20.

Park Manor Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Park Manor Apartments (CA-2001-806). See **Resyndication and Resyndication Transfer Event** below for additional information.

Project Number CA-18-739

Project Name Park Manor Apartments
Site Address: 24200 Silva Avenue
Hayward, CA 94544 County: Alameda
Census Tract: 4366.01

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$637,469	$0
Recommended:	$637,469	$0

Applicant Information

Applicant:	Park Manor Apartments, LP
Contact:	Stephen Ho
Address:	1015 Fillmore St. PMB 31735 San Francisco, CA 94115
Phone:	778-373-5505
Email:	stephen@spiraequitypartners.com

General Partner(s) or Principal Owner(s):	SPFI Development I, LP NHC MGP I LLC
General Partner Type:	Joint Venture
Parent Company(ies):	SPFI Development I, LLC National Housing Corporation
Developer:	SPFI Development I, LP
Investor:	CREA LLC
Management Agent:	FPI Management

Project Information

Construction Type:	Acquisition and Rehabilitation
Total # Residential Buildings:	8
Total # of Units:	81
No. / % of Low Income Units:	80 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt
Utility Allowance:	HACA

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	July 1, 2018

Information

Housing Type:	Non-Targeted
Geographic Area:	East Bay Region
TCAC Project Analyst:	Mayra Lozano

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
At or Below 50% AMI:	25	31%
At or Below 60% AMI:	55	69%

Unit Mix

81 2-Bedroom Units
81 Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
25	2 Bedrooms	50%	50%	$1,307
55	2 Bedrooms	60%	60%	$1,569
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

TCAC-confirmed Projected Lifetime Rent Benefit: $51,826,500

Project Cost Summary at Application	
Land and Acquisition	$14,380,000
Construction Costs	$0
Rehabilitation Costs	$2,465,184
Construction Contingency	$243,961
Relocation	$0
Architectural/Engineering	$131,100
Const. Interest, Perm. Financing	$685,453
Legal Fees, Appraisals	$163,000
Reserves	$371,725
Other Costs	$306,701
Developer Fee	$2,400,427
Commercial Costs	$0
Total	**$21,147,551**

Residential	
Construction Cost Per Square Foot:	$34
Per Unit Cost:	$261,081
True Cash Per Unit Cost*:	$258,244

Construction Financing

Source	Amount
Capital One Multifamily Finance	$14,500,000
GP Equity	$422,161
GP Note	$0
Cash Flow from Operations	$163,385
Deferred Developer Fee	$1,075,146
Deferred Operating Reserve	$259,715
Tax Credit Equity	$4,696,134

Permanent Financing

Source	Amount
Capital One Multifamily Finance	$14,500,000
GP Equity	$422,161
Cash Flow from Operations	$163,385
Deferred Developer Fee	$229,747
Tax Credit Equity	$5,832,258
TOTAL	**$21,147,551**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$3,637,276
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$14,766,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$4,728,459
Qualified Basis (Acquisition):	$14,766,000
Applicable Rate:	3.27%
Maximum Annual Federal Credit, Rehabilitation:	$154,621
Maximum Annual Federal Credit, Acquisition:	$482,848
Total Maximum Annual Federal Credit:	$637,469
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,400,427
Investor:	CREA LLC
Federal Tax Credit Factor:	$0.91491

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, 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. 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:	$18,403,276
Actual Eligible Basis:	$18,403,276
Unadjusted Threshold Basis Limit:	$32,724,000
Total Adjusted Threshold Basis Limit:	$42,868,440

Adjustments to Basis Limit

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 31%

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 3.27% 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: None.

Resyndication and Resyndication Transfer Event

Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-2001-806). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. The project started the 15 year Federal Compliance period on 10/31/01 and it ended on December 31st 2017.

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-2001-806) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a resyndication occurring concurrently with a Transfer Event with distribution of Net Project Equity. The rehabilitation scope of work shall include all of the Short Term Work in the amount of $409,402. The short term work is evidenced in the budget in the form of general partner equity.

Local Reviewing Agency

The Local Reviewing Agency, City of Hayward, has completed a site review of this project and strongly supports this project.

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.

CDLAC Additional Conditions: None.