CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2018 Second Round
September 19, 2018

Jamestown Terrace, located at 10330 Preston Lane in Jamestown, requested and is being recommended for a reservation of $1,223,671 in annual federal tax credits to finance the rehabilitation of 55 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 Impact Development Group, LLC and is located in Senate District 8 and Assembly District 5.

Jamestown Terrace is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Jamestown Terrace (CA-91-150). See **Resyndication and Resyndication Transfer Event** below for additional information. The project is currently at-risk, but is being recommended for a reservation of tax credits that will be preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

Project Number CA-18-103

Project Name Jamestown Terrace
Site Address: 10330 Preston Lane
Jamestown, CA 95327 County: Tuolumne
Census Tract: 51.000

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,223,671	$0
Recommended:	$1,223,671	$0

Applicant Information
Applicant: Impact Development Group, LLC
Contact: Justin Solomon
Address: One Embarcadero Center, 5th Floor
San Francisco, CA 94111
Phone: 415-609-5352
Email: jsolomon@impactdevgroup.com

General Partner(s) / Principal Owner(s): Impact Development Group, LLC
NHC CA MGP I, LLC
General Partner Type: Joint Venture
Parent Company(ies): Impact Development Group, LLC
National Housing Corporation
Developer: Impact Development Group, LLC
Investor/Consultant: Boston Capital Investment Management
Management Agent(s): AWI Management Corporation

Project Information

Construction Type:	Rehabilitation-Only
Total # Residential Buildings:	3
Total # of Units:	56
No. & % of Tax Credit Units:	55 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	USDA RHS 514 / USDA RHS 521 Rental Assistance (43 units - 78%)

Information

Set-Aside:	Rural
Housing Type:	Large Family
Geographic Area:	N/A
TCAC Project Analyst:	Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
At or Below 30% AMI:	6	10%
At or Below 45% AMI:	11	20%
At or Below 50% AMI:	22	40%
At or Below 60% AMI:	16	25%

Unit Mix

15	1-Bedroom Units
27	2-Bedroom Units
14	3-BedroomUnits
56	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
1	1 Bedroom	30%	30%	$355
3	1 Bedroom	45%	45%	$533
2	1 Bedroom	50%	50%	$593
9	1 Bedroom	60%	60%	$711
3	2 Bedrooms	30%	30%	$426
5	2 Bedrooms	45%	45%	$640
18	2 Bedrooms	50%	50%	$711
2	3 Bedrooms	30%	30%	$493
3	3 Bedrooms	45%	45%	$739
2	3 Bedrooms	50%	50%	$821
7	3 Bedrooms	60%	60%	$986
1	2 Bedrooms	Manager's Unit	Manager's Unit	$0

TCAC-confirmed Projected Lifetime Rent Benefit: $7,850,700

Project Cost Summary at Application

Land and Acquisition	$2,576,804
Construction Costs	$0
Rehabilitation Costs	$7,795,200
Construction Contingency	$772,800
Relocation	$67,320
Architectural/Engineering	$190,000
Const. Interest, Perm. Financing	$540,837
Legal Fees, Appraisals	$215,000
Reserves	$363,078
Other Costs	$182,400
Developer Fee	$1,364,182
Commercial Costs	$0
Total	**$14,067,621**

Residential

Construction Cost Per Square Foot:	$174
Per Unit Cost:	$251,208
True Cash Per Unit Cost*:	$250,409

Construction Financing

Source	Amount
JPMorgan Chase Bank, N.A.	$10,000,000
USDA RHS 514 (Assumed)	$2,576,804
Acquired Replacement Reserves	$13,000
Operating Income	$42,348
Deferred Costs	$842,655
Tax Credit Equity	$1,138,014

Permanent Financing

Source	Amount
USDA RHS 514 (Assumed)	$2,576,804
Acquired Replacement Reserves	$13,000
Operating Income	$52,935
Deferred Developer Fee	$44,742
Tax Credit Equity	$11,380,140
TOTAL	**$14,067,621**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$10,458,729
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$13,596,348
Applicable Rate:	9.00%
Maximum Annual Federal Credit, Rehabilitation:	$1,223,671
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,364,182
Investor/Consultant:	Boston Capital Investment Management
Federal Tax Credit Factor:	$0.93000

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:	$10,458,729
Actual Eligible Basis:	$10,458,729
Unadjusted Threshold Basis Limit:	$15,692,322
Total Adjusted Threshold Basis Limit:	$15,692,322

Adjustments to Basis Limit. None.

Tie-Breaker Information

First:	**Large Family**
Final:	**35.098%**

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

The applicant has commited to provide all services on-site.

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-91-150). 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 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-91-150) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a re-syndication occurring concurrently with a Transfer Event without distribution of Net Project Equity, and thus is waived from setting aside a Short Term Work Capitalized Replacement Reserve that is otherwise required.

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, County of Tuolumne, has completed a site review of this project and 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 ⅓ 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 2 units	2	2	2
Within 1 mile of public park or community center open to general public	3	3	3
Within 3/4 of a public elementary school	3	3	3
Within 1 mile of medical clinic or hospital	3	3	3
Service Amenities	**10**	**10**	**10**
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
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**
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 15.0%	3	3	3
Additional rehab measures: Sustainable Building Mgmt Practices	2	2	2
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**

<u>Please Note:</u> 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.