

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2018 Second Round**

**September 19, 2018**

Main Street Plaza Apartments, located at 134 Main Street and 304 Washington Boulevard in Roseville, requested and is being recommended for a reservation of \$815,489 in annual federal tax credits and \$2,718,296 in total state tax credits to finance the new construction of 20 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 Meta Housing Corporation and will be located in Senate District 4 and Assembly District 6.

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

**Project Number** CA-18-120

**Project Name** Main Street Plaza Apartments  
**Site Address:** 134 Main Street and 304 Washington Boulevard  
Roseville, CA 95678 County: Placer  
**Census Tract:** 210.030

| <b>Tax Credit Amounts</b> | <b>Federal/Annual</b> | <b>State/Total *</b> |
|---------------------------|-----------------------|----------------------|
| Requested:                | \$815,489             | \$2,718,296          |
| Recommended:              | \$815,489             | \$2,718,296          |

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

**Applicant Information**

**Applicant:** Main Street Plaza Apartments, L.P.  
**Contact:** Aaron Mandel  
**Address:** 11150 W. Olympic Blvd., Suite 620  
Los Angeles, CA 90064  
**Phone:** 310-575-3543  
**Email:** amandel@metahousing.com

**General Partner(s) / Principal Owner(s):** WCH Affordable XXXIX, LLC  
Main Street Plaza, LLC

**General Partner Type:** Joint Venture

**Parent Company(ies):** Western Community Housing, Inc.  
Meta Housing Corporation

**Developer:** Meta Housing Corporation

**Investor/Consultant:** Redstone Equity Partners

**Management Agent(s):** The John Stewart Company

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 21  
 No. & % of Tax Credit Units: 20 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HUD Section 8 Project-based Vouchers (8 Units / 40%) / CDBG

**Information**

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

**55-Year Use / Affordability**

| Aggregate Targeting Number of Units | Percentage of Affordable Units |
|-------------------------------------|--------------------------------|
| At or Below 30% AMI: 8              | 40%                            |
| At or Below 60% AMI: 12             | 60%                            |

**Unit Mix**

6 1-Bedroom Units  
 9 2-Bedroom Units  
6 3-Bedroom Units  
 21 Total Units

| Unit Type & Number | 2018 Rents Targeted % of Area Median Income | 2018 Rents Actual % of Area Median Income | Proposed Rent (including utilities) |
|--------------------|---|---|-------------------------------------|
| 6 1 Bedroom        | 30%   | 30%                                       | \$450                               |
| 1 2 Bedrooms       | 30%   | 30%                                       | \$540                               |
| 7 2 Bedrooms       | 60%   | 60%                                       | \$1,081                             |
| 1 3 Bedrooms       | 30%   | 30%                                       | \$624                               |
| 5 3 Bedrooms       | 60%   | 60%                                       | \$1,249                             |
| 1 2 Bedrooms       | Manager's Unit                              | Manager's Unit                            | \$0                                 |

TCAC-confirmed Projected Lifetime Rent Benefit: \$11,097,240

**Project Cost Summary at Application**

|                                  |                     |
|----------------------------------|---------------------|
| Land and Acquisition             | \$1,164,036         |
| Construction Costs               | \$6,831,714         |
| Rehabilitation Costs             | \$0                 |
| Construction Contingency         | \$358,780           |
| Relocation                       | \$0                 |
| Architectural/Engineering        | \$532,848           |
| Const. Interest, Perm. Financing | \$330,312           |
| Legal Fees, Appraisals           | \$78,170            |
| Reserves                         | \$165,448           |
| Other Costs                      | \$1,427,293         |
| Developer Fee                    | \$1,178,810         |
| Commercial Costs                 | \$0                 |
| <b>Total</b>                     | <b>\$12,067,411</b> |

**Residential**

|                                    |           |
|------------------------------------|-----------|
| Construction Cost Per Square Foot: | \$272     |
| Per Unit Cost:                     | \$574,639 |
| True Cash Per Unit Cost*:          | \$565,316 |

**Construction Financing**

| Source                        | Amount      |
|-------------------------------|-------------|
| Pacific Western Bank          | \$4,400,000 |
| City of Roseville - Land Loan | \$366,793   |
| CDBG 2016                     | \$150,000   |
| CDBG 2017                     | \$160,000   |
| Deferred Costs                | \$906,992   |
| Tax Credit Equity             | \$6,083,626 |

**Permanent Financing**

| Source                        | Amount              |
|-------------------------------|---------------------|
| Pacific Western Bank          | \$1,382,552         |
| City of Roseville - Land Loan | \$366,793           |
| CDBG 2016                     | \$150,000           |
| CDBG 2017                     | \$160,000           |
| Deferred Developer Fee        | \$195,766           |
| Tax Credit Equity             | \$9,812,300         |
| <b>TOTAL</b>                  | <b>\$12,067,411</b> |

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

**Determination of Credit Amount(s)**

|  |                          |
|--|--------------------------|
| Requested Eligible Basis:                                  | \$9,060,987              |
| 130% High Cost Adjustment:                                 | No                       |
| Applicable Fraction:                                       | 100.00%                  |
| Qualified Basis:   | \$9,060,987              |
| Applicable Rate:   | 9.00%                    |
| Total Maximum Annual Federal Credit:                       | \$815,489                |
| Total State Credit:  | \$2,718,296              |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$1,178,810              |
| Investor/Consultant:                                       | Redstone Equity Partners |
| Federal Tax Credit Factor:                                 | \$0.91991                |
| State Tax Credit Factor:                                   | \$0.85000                |

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:  | \$9,060,987  |
| Actual Eligible Basis:                | \$10,398,608 |
| Unadjusted Threshold Basis Limit:     | \$5,924,532  |
| Total Adjusted Threshold Basis Limit: | \$9,060,987  |

**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:

- 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: | <b>Large Family</b> |
| Final: | <b>61.227%</b>      |

**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, 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**

Staff noted a per unit development cost of \$565,316. The per unit cost is attributed to the demolition of existing buildings and the site being located in a designated historic district.

This 65 unit application was submitted as a hybrid application serving large families. The project is comprised of a 9% component (CA-18-120) consisting of 21 units and a 4% component (CA-18-614) consisting of 44 units. All units in the project will have access to a community room, technology center, fitness room, service coordinator, and health and wellness services and programs.

**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 City of Roseville, 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.

| <b>Points System</b>  | <b>Max. Possible Points</b> | <b>Requested Points</b> | <b>Points Awarded</b> |
|---|-----------------------------|-------------------------|-----------------------|
| <b>Owner / Management Characteristics</b>                                 | <b>9</b>                    | <b>9</b>                | <b>9</b>              |
| General Partner Experience  | 6                           | 6                       | 6                     |
| Management Experience   | 3                           | 3                       | 3                     |
| <b>Housing Needs</b>  | <b>10</b>                   | <b>10</b>               | <b>10</b>             |
| <b>Site Amenities</b>   | <b>15</b>                   | <b>15</b>               | <b>15</b>             |
| Within 1/8 mile of transit, service every 30 min, 25 units/acre density   | 7                           | 7                       | 7                     |
| Within 1/2 mile of public park or community center open to general public | 3                           | 3                       | 3                     |
| Within 1/2 mile of public library   | 3                           | 3                       | 3                     |
| Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf   | 4                           | 4                       | 4                     |
| Within 1 miles of a public high school                                    | 3                           | 3                       | 3                     |
| Within 1 mile of a pharmacy   | 1                           | 1                       | 1                     |
| Highest or High Resources Area  | 8                           | 8                       | 8                     |
| <b>Service Amenities</b>  | <b>10</b>                   | <b>10</b>               | <b>10</b>             |
| LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES                               |                             |                         |                       |
| Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms               | 5                           | 5                       | 5                     |
| Health & wellness services and programs, minimum 100 hrs per 100 bdrms    | 5                           | 5                       | 5                     |
| <b>Sustainable Building Methods</b>                                       | <b>5</b>                    | <b>5</b>                | <b>5</b>              |
| NEW CONSTRUCTION/ADAPTIVE REUSE   |                             |                         |                       |
| Develop project in accordance w/ requirements: GreenPoint Rated Program   | 5                           | 5                       | 5                     |
| <b>Lowest Income</b>  | <b>52</b>                   | <b>52</b>               | <b>52</b>             |
| Basic Targeting   | 50                          | 50                      | 50                    |
| Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less     | 2                           | 2                       | 2                     |
| <b>Readiness to Proceed</b>   | <b>10</b>                   | <b>10</b>               | <b>10</b>             |
| <b>Miscellaneous Federal and State Policies</b>                           | <b>2</b>                    | <b>2</b>                | <b>2</b>              |
| State Credit Substitution   | 2                           | 2                       | 2                     |
| <b>Total Points</b>   | <b>113</b>                  | <b>113</b>              | <b>113</b>            |

**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.**