

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
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 \$612,321 in annual federal tax credits to finance the new construction of 43 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 and HUD VASH Project-based Vouchers. The project financing includes state funding from the IIG and VHHP program(s) of HCD and MHSA through CalHFA.

Project Number CA-18-614

Project Name Main Street Plaza Apartments
Site Address: 134 Main Street and 304 Washington Boulevard
Roseville, CA 95678 County: Placer
Census Tract: 210.03

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$612,321	\$0
Recommended:	\$612,321	\$0

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) or 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:	The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 44
 No. / % of Low Income Units: 43 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / CDBG / HUD Section 8 Project-based Vouchers
 (3 Units / 6%) / HUD VASH Project-based Vouchers (19 Units / 44%)

Bond Information

Issuer: California Public Finance Authority
 Expected Date of Issuance: March 1, 2019

Information

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 35% AMI: 23	53%
At or Below 50% AMI: 6	14%
At or Below 60% AMI: 14	33%

Unit Mix

21 1-Bedroom Units
12 2-Bedroom Units
11 3-Bedroom Units
44 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
21 1 Bedroom	30%	30%	\$450
1 2 Bedrooms	30%	30%	\$541
3 2 Bedrooms	50%	50%	\$901
7 2 Bedrooms	60%	60%	\$1,081
1 3 Bedrooms	30%	30%	\$624
3 3 Bedrooms	50%	50%	\$1,041
7 3 Bedrooms	60%	60%	\$1,249
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$25,162,500

Project Cost Summary at Application

Land and Acquisition	\$1,141,599
Construction Costs	\$12,073,770
Rehabilitation Costs	\$0
Construction Contingency	\$620,487
Relocation	\$0
Architectural/Engineering	\$944,557
Const. Interest, Perm. Financing	\$1,004,495
Legal Fees, Appraisals	\$109,499
Reserves	\$365,504
Other Costs	\$1,864,805
Developer Fee	\$2,442,446
Commercial Costs	\$750,796
Total	\$21,317,958

Residential

Construction Cost Per Square Foot:	\$259
Per Unit Cost:	\$464,876
True Cash Per Unit Cost*:	\$431,069

Construction Financing

Source	Amount
Pacific Western Bank	\$13,900,000
City of Roseville - Land Loan	\$508,207
City of Roseville	\$2,000,000
CDBG 2018	\$483,503
CalHFA - MHSA	\$1,250,000
AHP	\$740,000
Deferred Costs	\$2,024,809
Tax Credit Equity	\$411,439

Permanent Financing

Source	Amount
Pacific Western Bank	\$3,230,021
City of Roseville - Land Loan	\$508,207
City of Roseville	\$2,000,000
CDBG 2018	\$483,503
CalHFA - MHSA	\$1,250,000
HCD - VHHP	\$4,418,534
HCD - IIG	\$1,259,709
AHP	\$740,000
Deferred Developer Fee	\$1,550,290
Tax Credit Equity	\$5,877,694
TOTAL	\$21,317,958

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$18,725,422
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$18,725,422
Applicable Rate:	3.27%
Total Maximum Annual Federal Credit:	\$612,321
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,442,446
Investor/Consultant:	Redstone Equity Partners
Federal Tax Credit Factor:	\$0.95990

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:	\$18,725,422
Actual Eligible Basis:	\$18,725,422
Unadjusted Threshold Basis Limit:	\$13,464,186
Total Adjusted Threshold Basis Limit:	\$36,356,746

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

- 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 used

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Highest or High Resource Opportunity Area

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 14%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 106%

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

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.

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

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

The applicant/owner is required to provide the tenants with the following service amenities free of charge for a minimum of fifteen (15) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC:

- Wellness services and programs providing individualized support for tenants off-site within 1/2 mile
- Contract with a full time equivalent bona fide service coordinator / social worker for a minimum number of hours per year on-site

The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to becoming certified under Leadership in Energy & Environmental Design (LEED); GreenPoint Rated Multifamily Guidelines
- The project commits to a parking ratio equivalent of 1 parking stall or less per SRO and 1-bedroom restricted rental units, and 1.5 parking stall or less per 2-bedroom and larger restricted rental units.