

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**October 17, 2018**

Vista Las Flores, located at 6408 Halyard Place in Carlsbad, requested and is being recommended for a reservation of \$199,445 in annual federal tax credits to finance the acquisition and rehabilitation of 27 units of housing serving families with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Wakeland Opportunities for Affordable Housing and will be located in Senate District 36 and Assembly District 76.

Vista Las Flores is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Vista Las Flores (CA-2001-815). See **Resyndication and Resyndication Transfer Event** below for additional information.

**Project Number** CA-18-615

**Project Name** Vista Las Flores  
 Site Address: 6408 Halyard Place  
 Carlsbad, CA 92011 County: San Diego  
 Census Tract: 221.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$199,445	\$0
Recommended:	\$199,445	\$0

**Applicant Information**

Applicant: Vista Las Flores LP  
 Contact: Kenneth L. Sauder  
 Address: 1230 Columbia Street, Suite 950  
 San Diego, CA 92101  
 Phone: 619 677 2320  
 Email: ksauder@wakelandhdc.com

General Partner(s) or Principal Owner(s): Wakeland Vista Las Flores, LLC  
 VLF Interfaith Housing Corporation

General Partner Type: For Profit

Parent Company(ies): Wakeland Housing & Deveopment Corporation  
 San Diego Interfaith Housing Foundation

Developer: Wakeland Opportunities for Affordable Housing

Investor/Consultant: RedStone Equity Partners

Management Agent: Interfaith Housing Assistance Corporation

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 4  
 Total # of Units: 28  
 No. / % of Low Income Units: 27 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt

**Bond Information**

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

**Information**

Housing Type: Large Family  
 Geographic Area: San Diego County  
 TCAC Project Analyst: Diane SooHoo

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 50% AMI: 17	63%
At or Below 60% AMI: 10	37%

**Unit Mix**

16 2-Bedroom Units
12 3-Bedroom Units
28 Total Units

<b>Unit Type &amp; Number</b>	<b>2018 Rents Targeted % of Area Median Income</b>	<b>2018 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
8 2 Bedrooms	50%	45%	\$994
9 3 Bedrooms	50%	45%	\$1,127
7 2 Bedrooms	60%	54%	\$1,184
3 3 Bedrooms	60%	55%	\$1,396
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$19,867,320

**Project Cost Summary at Application**

Land and Acquisition	\$3,710,000
Construction Costs	\$0
Rehabilitation Costs	\$1,406,768
Construction Contingency	\$139,427
Relocation	\$125,000
Architectural/Engineering	\$32,500
Const. Interest, Perm. Financing	\$474,405
Legal Fees, Appraisals	\$94,000
Reserves	\$160,399
Other Costs	\$350,126
Developer Fee	\$694,031
Commercial Costs	\$0
<b>Total</b>	<b>\$7,186,656</b>

**Residential**

Construction Cost Per Square Foot:	\$32
Per Unit Cost:	\$256,666
True Cash Per Unit Cost*:	\$211,593

**Construction Financing**

Source	Amount
Banner Bank	\$3,690,016
Seller Carryback	\$300,000
County of San Diego - Assumed	\$326,000
City of Carlsbad - Assumed	\$458,134
Standard Pacific - Assumed	\$1,308,368
Existing Reserves	\$97,495
Deferred Costs	\$728,464
Tax Credit Equity	\$278,179

**Permanent Financing**

Source	Amount
Banner Bank	\$1,931,063
Seller Carryback	\$918,049
County of San Diego - Assumed	\$326,000
City of Carlsbad - Assumed	\$458,134
Standard Pacific - Assumed	\$1,308,368
Existing Reserves	\$97,495
Deferred Developer Fee	\$344,000
Tax Credit Equity	\$1,803,547
<b>TOTAL</b>	<b>\$7,186,656</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$2,595,405
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$2,725,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$3,374,027
Qualified Basis (Acquisition):	\$2,725,500
Applicable Rate:	3.27%
Maximum Annual Federal Credit, Rehabilitation:	\$110,321
Maximum Annual Federal Credit, Acquisition:	\$89,124
Total Maximum Annual Federal Credit:	\$199,445
Approved Developer Fee (in Project Cost & Eligible Basis):	\$694,031
Investor/Consultant:	RedStone Equity Partners
Federal Tax Credit Factor:	\$0.90428

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:	\$5,320,905
Actual Eligible Basis:	\$5,320,905
Unadjusted Threshold Basis Limit:	\$9,709,056
Total Adjusted Threshold Basis Limit:	\$15,728,671

**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: 62%

**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-2001-815). 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 and any deeper targeting levels in the new regulatory agreement for the duration of the new regulatory agreement. 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-2001-815) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is being resyndicated concurrently with a Transfer Event without distribution of Net Project Equity, thus waived from requirements under TCAC Regulation Section 10320(b)(4)(B).

### **Local Reviewing Agency**

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

### **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.