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

Placer Village Apartments, located at 2789 Ray Lawyer Drive in Placerville, requested and is being recommended for a reservation of $406,598 in annual federal tax credits to finance the acquisition and rehabilitation of 75 units of housing serving large families with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Highridge Costa Housing Partners and is located in Senate District 1 and Assembly District 5.

Placer Village Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, CA-1995-119. See **Resyndication and Resyndication Transfer Event** below for additional information.

Project Number CA-18-624

Project Name Placer Village Apartments
Site Address: 2789 Ray Lawyer Drive
Placerville, CA 95667 County: El Dorado
Census Tract: 310.00

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$406,598	$0
Recommended:	$406,598	$0

Applicant Information

Applicant:	Placer Village Placerville AR, L.P.
Contact:	Thomas Erickson
Address:	330 W. Victoria Street Gardena, CA 90248
Phone:	424-258-2918
Email:	thomas.erickson@housingpartners.com

General Partner(s) or Principal Owner(s):	TELACU Homes, Inc. HCHP Affordable Multi-Housing, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	TELACU Highridge Costa Housing Partners
Developer:	Highridge Costa Housing Partners
Investor/Consultant:	Victoria Capital, LLC
Management Agent:	WinnResidential California L.P.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	13
Total # of Units:	76
No. / % of Low Income Units:	75 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt

Bond Information

Issuer:	Golden State Finance Authority
Expected Date of Issuance:	October 17, 2018

Information

Housing Type:	Large Family
Geographic Area:	Capital Region
TCAC Project Analyst:	Anthony Zeto

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
At or Below 50% AMI:	31	41%
At or Below 60% AMI:	44	59%

Unit Mix

36	2-Bedroom Units
32	3-Bedroom Units
8	4-Bedroom Units
76	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
14	2 Bedrooms	50%	50%	$901
14	3 Bedrooms	50%	50%	$1,041
3	4 Bedrooms	50%	50%	$1,162
22	2 Bedrooms	60%	60%	$1,081
17	3 Bedrooms	60%	60%	$1,250
5	4 Bedrooms	60%	60%	$1,395
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$1,250

TCAC-confirmed Projected Lifetime Rent Benefit: $17,243,820

Project Cost Summary at Application

Land and Acquisition	$8,700,000
Construction Costs	$0
Rehabilitation Costs	$2,260,091
Construction Contingency	$115,074
Relocation	$0
Architectural/Engineering	$60,000
Const. Interest, Perm. Financing	$1,023,324
Legal Fees, Appraisals	$142,500
Reserves	$171,296
Other Costs	$88,716
Developer Fee	$1,628,201
Commercial Costs	$0
Total	**$14,189,202**

Residential

Construction Cost Per Square Foot:	$30
Per Unit Cost:	$186,700
True Cash Per Unit Cost*:	$159,745

Construction Financing

Source	Amount
America First Multifamily Investors, L.P.	$8,495,000
Seller Note A	$3,000,979
Seller Note B	$414,662
Income During Rehabilitation	$791,718
Deferred Costs	$1,352,727
Tax Credit Equity	$134,116

Permanent Financing

Source	Amount
America First Multifamily Investors, L.P.	$5,288,728
Seller Note A	$3,000,979
Income During Rehabilitation	$791,718
GP Equity	$414,662
Deferred Developer Fee	$952,413
Tax Credit Equity	$3,740,702
TOTAL	**$14,189,202**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$3,156,376
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	$9,326,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$3,156,376
Qualified Basis (Acquisition):	$9,326,500
Applicable Rate:	3.27%
Maximum Annual Federal Credit, Rehabilitation:	$101,621
Maximum Annual Federal Credit, Acquisition:	$304,977
Total Maximum Annual Federal Credit:	$406,598
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,628,201
Investor/Consultant:	Victoria Capital, LLC
Federal Tax Credit Factor:	$0.92000

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:	$12,482,875
Actual Eligible Basis:	$12,482,875
Unadjusted Threshold Basis Limit:	$27,358,736
Total Adjusted Threshold Basis Limit:	$38,575,818

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: 41%

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 meet 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-1995-119). 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-1995-119) 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 $414,662. There is a general partner equity contribution of at least $414,662, allowing the applicant to receive eligible basis for the entire Short Term Work amount.

Local Reviewing Agency
The Local Reviewing Agency, the City of Placerville, 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