

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report Tax-Exempt Bond Project December 12, 2018

Windsor Veterans Village, located at 9500 Oak Park Street in Windsor, requested and is being recommended for a reservation of \$1,092,408 in annual federal tax credits to finance the new construction of 59 units of housing serving tenants with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Urban Housing Communities LLC and will be located in Senate District 2 and Assembly District 2.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the VHHP program of HCD.

Project Number	CA-18-652
Project Name	Windsor Veterans Village
Site Address:	9500 Oak Park Street
	Windsor, CA 95492
	County: Sonoma
Census Tract:	1538.01

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,092,408	\$0
Recommended:	\$1,092,408	\$0

Applicant Information

Applicant:	A0690 Windsor L.P.
Contact:	John F. Bigley
Address:	2000 E. 4th Street, Suite 205
	Santa Ana, CA 92705
Phone:	714 835-3955
Email:	JBigley@uhcllc.net

General Partner(s) or Principal Owner(s):	A0690 Windsor Holdings LLC Windsor Veterans Village LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Urban Housing Communities LLC Veterans Housing Development Corp
Developer:	Urban Housing Communities LLC
Investor/Consultant:	Red Stone Equity Partners
Management Agent:	Hyder & Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 9
 Total # of Units: 60
 No. / % of Low Income Units: 59 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt /
 HUD Section 8 Project-based Vouchers (59 units - 100%)

Bond Information

Issuer: Golden State Finance Authority
 Expected Date of Issuance: March 15, 2019

Information

Housing Type: Non-Targeted
 Geographic Area: Northern Region
 TCAC Project Analyst: Lucy Vang

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 35% AMI: 30	51%
At or Below 50% AMI: 29	49%

Unit Mix

48 1-Bedroom Units
12 2-Bedroom Units
60 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
25 1 Bedroom	30%	30%	\$552
10 1 Bedroom	40%	40%	\$737
13 1 Bedroom	50%	50%	\$921
5 2 Bedrooms	30%	30%	\$663
3 2 Bedrooms	40%	40%	\$884
3 2 Bedrooms	50%	50%	\$1,105
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

TCAC-confirmed Projected Lifetime Rent Benefit: \$47,780,700

Project Cost Summary at Application

Land and Acquisition	\$3,672,930
Construction Costs	\$17,173,377
Rehabilitation Costs	\$0
Construction Contingency	\$900,797
Relocation	\$0
Architectural/Engineering	\$732,000
Const. Interest, Perm. Financing	\$2,116,293
Legal Fees, Appraisals	\$137,000
Reserves	\$1,132,176
Other Costs	\$4,013,840
Developer Fee	\$1,400,000
Commercial Costs	\$0
Total	\$31,278,413

Residential

Construction Cost Per Square Foot:	\$377
Per Unit Cost:	\$521,307
True Cash Per Unit Cost*:	\$510,694

Construction Financing

Source	Amount
Citibank, N.A.	\$22,200,000
County of Sonoma	\$750,000
Town of Windsor	\$500,000
AHP	\$590,000
Home Depot Foundation Grant	\$1,000,000
Deferred Impact Fees	\$1,435,000
Reserves deferred until conversion	\$1,132,176
Deferred Developer Fee	\$1,106,237
Tax Credit Equity	\$2,565,000

Permanent Financing

Source	Amount
Citibank, N.A.	\$7,632,000
County of Sonoma	\$750,000
Town of Windsor	\$500,000
HCD VHHP	\$9,900,000
AHP	\$590,000
Home Depot Foundation Grant	\$1,000,000
Deferred Developer Fee	\$636,773
Tax Credit Equity	\$10,269,640
TOTAL	\$31,278,413

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$25,700,187
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$33,410,243
Applicable Rate:	3.27%
Total Maximum Annual Federal Credit:	\$1,092,408
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.94009

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:	\$25,700,187
Actual Eligible Basis:	\$25,700,187
Unadjusted Threshold Basis Limit:	\$20,923,968
Total Adjusted Threshold Basis Limit:	\$52,100,680

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: 49%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 100%

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: None

Local Reviewing Agency

The Local Reviewing Agency, Town of Windsor, 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