CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
January 16, 2019

Fairfield Apartments, located at 1650 Park Lane and 693 East Tabor Avenue in Fairfield, requested and is being recommended for a reservation of $1,565,978 in annual federal tax credits to finance the acquisition and rehabilitation of 126 units of housing serving tenants with rents affordable to households earning 50%-80% of area median income (AMI). The project will be developed by Standard Property Company, Inc. and is located in Senate District 3 and Assembly District 11.

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

Project Number CA-19-415

Project Name Fairfield Apartments

	Parkside Villa Apartments	Rockwell Manor Apartments
Site Address:	1650 Park Lane Fairfield, CA 94533	693 East Tabor Avenue Fairfield, CA 94533
Census Tract:	2524.02	2526.06
County:	Solano	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,565,978	$0
Recommended:	$1,565,978	$0

Applicant Information

Applicant:	Standard Fairfield Venture, LP
Contact:	Brian Yang
Address:	1901 Avenue of the Stars, Suite 395 Los Angeles, CA 90067
Phone:	(310) 553-5711
Email:	byang@standard-companies.com

General Partner(s) or Principal Owner(s):	Standard Fairfield Manager, LP Housing On Merit X LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Standard Companies Housing On Merit
Developer:	Standard Property Company, Inc.
Investor/Consultant:	Candeur Group
Management Agent:	AMC-CA, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	27
Total # of Units:	128
No. / % of Low Income Units:	126 100.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Contract (128 Units - 100%)

Bond Information 40%/60% Average Income

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	February 1, 2019

Information

Housing Type:	Non-Targeted
Geographic Area:	Northern Region
TCAC Project Analyst:	Carmen Doonan

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
At or Below 50% AMI:	33	26%
At or Below 60% AMI:	83	66%
At or Below 80% AMI:	10	8%

Unit Mix

88	2-Bedroom Units
40	3-Bedroom Units
128	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
11	2 Bedrooms	50%	50%	$942
29	2 Bedrooms	60%	60%	$1,131
3	2 Bedrooms	80%	80%	$1,508
6	3 Bedrooms	50%	50%	$1,088
12	3 Bedrooms	60%	60%	$1,305
2	3 Bedrooms	80%	80%	$1,741
10	2 Bedrooms	50%	50%	$942
32	2 Bedrooms	60%	60%	$1,131
2	2 Bedrooms	80%	80%	$1,508
6	3 Bedrooms	50%	50%	$1,088
10	3 Bedrooms	60%	60%	$1,305
3	3 Bedrooms	80%	80%	$1,741
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$1,930
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$2,230

TCAC-confirmed Projected Lifetime Rent Benefit: $69,762,000

Project Cost Summary at Application	
Land and Acquisition	$34,000,000
Construction Costs	$0
Rehabilitation Costs	$5,676,261
Construction Contingency	$619,623
Relocation	$25,000
Architectural/Engineering	$495,116
Const. Interest, Perm. Financing	$2,144,904
Legal Fees, Appraisals	$348,000
Reserves	$696,782
Other Costs	$434,640
Developer Fee	$5,937,911
Commercial Costs	$0
Total	**$50,378,236**

Residential	
Construction Cost Per Square Foot:	$47
Per Unit Cost:	$393,580
True Cash Per Unit Cost*:	$347,190

Construction Financing	
Source	Amount
Jones Lang LaSalle	$33,500,000
Deferred Developer Fee	$5,937,911
Tax Credit Equity	$10,940,325

Permanent Financing	
Source	Amount
Jones Lang LaSalle	$33,500,000
Deferred Developer Fee	$3,567,423
Tax Credit Equity	$13,310,813
TOTAL	**$50,378,236**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$7,900,169
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$37,623,816
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$10,270,220
Qualified Basis (Acquisition):	$37,623,816
Applicable Rate:	3.27%
Maximum Annual Federal Credit, Rehabilitation:	$335,679
Maximum Annual Federal Credit, Acquisition:	$1,230,299
Total Maximum Annual Federal Credit:	$1,565,978
Approved Developer Fee (in Project Cost & Eligible Basis):	$5,937,911
Investor/Consultant:	Candeur Group
Federal Tax Credit Factor:	$0.85000

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:	$45,523,986
Actual Eligible Basis:	$45,523,986
Unadjusted Threshold Basis Limit:	$56,236,800
Total Adjusted Threshold Basis Limit:	$70,858,368

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: 26%

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 scattered site project involves the acquisition and rehabilitation of two noncontiguous sites approximately 3 miles apart in the City of Fairfield.

The applicant requested and has been granted a full waiver for the site Parkside Villa to reduce the 10% mobility feature requirement under TCAC Regulation Section 10325(f)(7)(K) due to excessive cost / undue financial burden. Parkside Villa will still be required to provide 4% of units with communication accessibility features. The Rockwell Manor site shall comply fully to the provisions of California Building Code Chapter 11(B) regarding a minimum of 10% of the Low Income Units with mobility features and a minimum of 4% with communications features.

At place-in-service, any units not occupied by income-qualified tenants will be not considered tax credit units and the applicable fraction will be adjusted accordingly. However, these units will be rent-restricted at up to 80% of area median income (AMI) in the recorded TCAC regulatory agreement in order to meet the scattered-site requirement of Section 42(g)(7) of the Internal Revenue Code. The recorded TCAC regulatory agreement will also require that upon turnover the unit(s) must be occupied by income-qualified tenants.

Resyndication and Resyndication Transfer Event: None.

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.