CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 20, 2019

Park Florin, located at 6195 66th Avenue in Sacramento, requested and is being recommended for a reservation of $529,824 in annual federal tax credits to finance the acquisition and rehabilitation of 71 units of housing serving families with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by The Hampstead Group, Inc. and is located in Senate District 6 and Assembly District 9.

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

Project Number	CA-19-444	
Project Name	Park Florin	
Site Address:	6195 66th Avenue	
	Sacramento, CA 95823	County: Sacramento
Census Tract:	50.02	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$529,824	$0
Recommended:	$529,824	$0

Applicant Information

Applicant:	Hampstead Park Florin Partners, LP
Contact:	Eric Miller
Address:	18757 Burbank Blvd., Suite 102
	Tarzana, CA 91356
Phone:	818-774-1550
Email:	emiller@carehousingservices.org

General Partner(s) or Principal Owner(s):	Park Florin CARE MGP, LLC
	Hampstead Park Florin, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	CARE Housing Services Corporation
	Hampstead Development Partners, LLC
Developer:	The Hampstead Group, Inc.
Investor/Consultant:	Candeur Group, Inc.
Management Agent:	Jordan Management Company
	AWI Management Corporation

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	11
Total # of Units:	72
No. / % of Low Income Units:	71 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / Section 8 Project-based contract (71 units - 100%)

Bond Information

Issuer:	CalHFA
Expected Date of Issuance:	March 15, 2019

Information

Housing Type:	Large Family
Geographic Area:	Capital Region
TCAC Project Analyst:	Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	8	11%
60% AMI:	63	89%

Unit Mix

20	1-Bedroom Units
40	2-Bedroom Units
12	3-Bedroom Units
72	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
2	1 Bedroom	50%	50%	$751
18	1 Bedroom	60%	60%	$901
3	2 Bedrooms	50%	50%	$901
30	2 Bedrooms	60%	60%	$1,081
1	2 Bedrooms	50%	50%	$901
5	2 Bedrooms	60%	60%	$1,081
2	3 Bedrooms	50%	50%	$1,041
10	3 Bedrooms	60%	60%	$1,249
1	2 Bedrooms	Manager's Unit	Manager's Unit	$1,430

Project Cost Summary at Application

Land and Acquisition	$7,500,000
Construction Costs	$0
Rehabilitation Costs	$4,268,160
Construction Hard Cost Contingency	$426,816
Soft Cost Contingency	$50,000
Relocation	$186,000
Architectural/Engineering	$400,598
Const. Interest, Perm. Financing	$1,286,762
Legal Fees	$195,000
Reserves	$0
Other Costs	$241,734
Developer Fee	$1,849,433
Commercial Costs	$0
Total	**$16,404,503**

Residential

Construction Cost Per Square Foot:	$61
Per Unit Cost:	$227,840
True Cash Per Unit Cost*:	$224,133

Construction Financing

Source	Amount
RedStone** - T.E. Bonds	$12,500,000
Candeur Group, LLC	$45,000
Low Income Weatherization Program	$60,000
Operating Income	$333,271
Deferred Developer Fee	$259,873
Solar Tax Credit Equity	$11,840
Tax Credit Equity	$3,194,519

Permanent Financing

Source	Amount
RedStone** - T.E. Bonds	$10,482,000
Candeur Group, LLC	$45,000
Low Income Weatherization Program	$60,000
Operating Income	$737,103
Deferred Developer Fee	$266,921
Solar Tax Credit Equity	$45,540
Tax Credit Equity	$4,767,939
TOTAL	**$16,404,503**

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee
**Red Stone Tax Exempt Funding LLC

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$6,530,266
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$7,565,951
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$8,489,346
Qualified Basis (Acquisition):	$7,565,951
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$280,148
Maximum Annual Federal Credit, Acquisition:	$249,676
Total Maximum Annual Federal Credit:	$529,824
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,849,433
Investor/Consultant:	Candeur Group, Inc.
Federal Tax Credit Factor:	$0.89991

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:	$14,096,217
Actual Eligible Basis:	$14,096,217
Unadjusted Threshold Basis Limit:	$23,768,984
Total Adjusted Threshold Basis Limit:	$26,383,572

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: 11%

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 3.30% 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

The applicant requests and has been granted a waiver of the three-month operating reserve requirement. The operating deficit guaranty required by the tax credit investor fulfills this TCAC requirement.

Pursuant to TCAC Regulation Section 10326(g)(5), general partners and management companies lacking documented experience with Section 42 requirements using the minimum scoring standards at Section 10325(c)(2)(A) and (B) shall be required to complete training as prescribed by TCAC prior to a project’s placing in service. Specifically, at least one of the co-general partners, Park Florin CARE MGP, LLC or Hampstead Park Florin, LLC, and the management company, Jordan Management Company, shall complete training as prescribed by TCAC prior to the project's placing in service.

Resyndication and Resyndication Transfer Event. None

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 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 having at least 1 building subject to a policy developed by the owner that prohibits smoking in contiguous designated units.