CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 15, 2019

Vista Park I, located at 3955 Vistapark Drive in San Jose, requested and is being recommended for a reservation of $930,133 in annual federal tax credits to finance the acquisition and rehabilitation of 82 units of housing serving seniors with rents affordable to households earning 40% of area median income (AMI). The project will be developed by EAH, Inc. and is located in Senate District 15 and Assembly District 27.

Vista Park I is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Vista Park Senior Homes (CA-98-213). See **Resyndication and Resyndication Transfer Event** below for additional information.

Project Number CA-19-465

Project Name	Vista Park I	
Site Address:	3955 Vistapark Dr.	
	San Jose, CA 95136	County: Santa Clara
Census Tract:	5031.16	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$930,133	$0
Recommended:	$930,133	$0

Applicant Information

Applicant:	Vista Park I, L.P.		
Contact:	Welton Jordan		
Address:	22 Pelican Way		
	San Rafael	CA	94901
Phone:	(415) 295-8876		
Email:	Welton.Jordan@eahhousing.org		

General Partner(s) or Principal Owner(s):	Vista Park I, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	EAH, Inc.
Developer:	EAH, Inc.
Investor/Consultant:	California Housing Partnership Corporation
Management Agent:	EAH Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	1	
Total # of Units:	83	
No. / % of Low Income Units:	82	100.00%
Federal Set-Aside Elected:	40%/60%	
Federal Subsidy:	Tax-Exempt	

Bond Information

Issuer:	City of San Jose
Expected Date of Issuance:	September 1, 2019

Information

Housing Type:	Seniors
Geographic Area:	South and West Bay Region
TCAC Project Analyst:	Marlene McDonough

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	82	100%

Unit Mix

82	1-Bedroom Units
1	2-Bedroom Units
83	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
82	1 Bedroom	40%	40%	$997
1	2 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$12,000,000
Rehabilitation Costs	$6,417,758
Construction Hard Cost Contingency	$962,664
Soft Cost Contingency	$307,170
Relocation	$939,629
Architectural/Engineering	$462,297
Const. Interest, Perm. Financing	$1,800,289
Legal Fees	$120,000
Reserves	$273,742
Other Costs	$414,071
Developer Fee	$3,229,100
Commercial Costs	$0
Total	**$26,926,720**

Residential	
Construction Cost Per Square Foot:	$139
Per Unit Cost:	$324,418

Construction Financing

Source	Amount
Union Bank	$18,150,896
City of San Jose (assumed loan)	$5,025,172
Existing Reserves	$121,286
Deferred Costs	$1,229,332
GP Equity	$2,277,043
Tax Credit Equity	$122,991

Permanent Financing

Source	Amount
Union Bank	$5,467,000
City of San Jose (assumed loan)	$5,025,172
Developer Loan	$4,499,075
Existing Reserves	$121,286
Income from Operations	$270,744
GP Equity	$2,277,043
Tax Credit Equity	$9,266,400
TOTAL	**$26,926,720**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$11,431,324
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$13,325,116
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$14,860,721
Qualified Basis (Acquisition):	$13,325,116
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$490,404
Maximum Annual Federal Credit, Acquisition:	$439,729
Total Maximum Annual Federal Credit:	$930,133
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,229,100
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$0.99625

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:	$24,756,440
Actual Eligible Basis:	$24,756,440
Unadjusted Threshold Basis Limit:	$27,094,542
Total Adjusted Threshold Basis Limit:	$56,898,538

Adjustments to Basis Limit

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 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 meet or 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: 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-98-213). 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.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

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-98-213) 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).

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