

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2019 First Round
June 12, 2019

Cameron Villa Apartments, located at 160 Mark Randy Place in Modesto, requested and is being recommended for a reservation of \$951,119 in annual federal tax credits to finance the acquisition and rehabilitation of 68 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by ACD Partners XXXIV L.L.C. and is located in Senate District 12 and Assembly District 5.

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

Project Number CA-19-010

Project Name Cameron Villa Apartments
 Site Address: 160 Mark Randy Place
 Modesto, CA 95350 County: Stanislaus
 Census Tract: 9.090

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$951,119	\$0
Recommended:	\$951,119	\$0

Applicant Information

Applicant: Cameron Villa 2018 Limited Partnership
 Contact: Derek M. Skrzynski
 Address: 25250 Harper Avenue
 Detroit, MI 48225
 Phone: 424-273-4599
 Email: derek@acdmail.com

General Partner(s) / Principal Owner(s): AOF Cameron Villa LLC
 American Community Developers, Inc.
 General Partner Type: Joint Venture
 Parent Company(ies): AOF/Pacific Affordable Housing Corp.
 American Community Developers, Inc.
 Developer: ACD Partners XXXIV L.L.C.
 Investor/Consultant: CREA LLC
 Management Agent(s): Independent Management Services
 Quality Management Group, Inc.

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 6
 Total # of Units: 68
 No. & % of Tax Credit Units: 68 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: HUD Project Based Section 8 Contract (68 Units - 100%)

Information

Set-Aside: At-Risk
 Housing Type: At-Risk
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Tiffani Negrete

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 7	10%
At or Below 40% AMI: 14	20%
At or Below 50% AMI: 21	30%
At or Below 60% AMI: 26	35%

Unit Mix

68 2-Bedroom Units
 68 Total Units

<u>Unit Type & Number</u>	<u>2018 Rents Targeted % of Area Median Income</u>	<u>2018 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
7 2 Bedrooms	30%	30%	\$410
14 2 Bedrooms	40%	40%	\$547
21 2 Bedrooms	50%	50%	\$683
26 2 Bedrooms*	60%	60%	\$820

*One of the affordable two-bedroom units will be occupied by a tax-credit qualified property manager. See the "Significant Information / Additional Conditions" section of the staff report.

Project Cost Summary at Application

Land and Acquisition	\$10,287,000
Construction Costs	\$0
Rehabilitation Costs	\$4,287,827
Construction Contingency	\$426,335
Relocation	\$75,000
Architectural/Engineering	\$98,215
Const. Interest, Perm. Financing	\$1,183,002
Legal Fees	\$172,500
Reserves	\$254,004
Other Costs	\$367,680
Developer Fee	\$2,000,000
Commercial Costs	\$0
Total	\$19,151,563

Residential

Construction Cost Per Square Foot:	\$78
Per Unit Cost:	\$281,641
True Cash Per Unit Cost*:	\$274,328

Construction Financing

Source	Amount
PNC Bank - HUD 221(d)(4)	\$10,000,000
Tax Credit Equity	\$7,356,169

Permanent Financing

Source	Amount
PNC Bank - HUD 221(d)(4)	\$10,000,000
Deferred Developer Fee	\$497,246
Tax Credit Equity	\$8,654,317
TOTAL	\$19,151,563

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$5,357,091
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$9,828,463
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$6,964,218
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$9,828,463
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$626,780
Maximum Annual Federal Credit, Acquisition:	\$324,339
Total Maximum Annual Federal Credit:	\$951,119
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,166,773
Investor/Consultant:	CREA LLC
Federal Tax Credit Factor:	\$0.90991

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. 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:	\$15,185,554
Actual Eligible Basis:	\$15,185,554
Unadjusted Threshold Basis Limit:	\$19,638,400
Total Adjusted Threshold Basis Limit:	\$25,529,920

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages
Highest or High Resource Opportunity Area

Tie-Breaker Information

First:	At-Risk
Final:	39.993%

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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. 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 project has 68 affordable tax-credit qualified units including a two-bedroom tax-credit qualified property manager's unit.

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.

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. The required TCAC training for the management companies has been completed and the certification of completion has been received by TCAC.

Resyndication and Resyndication Transfer Event: None

Legal Status

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

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

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Health & wellness services and programs, minimum 100 hrs per 100 bdrms	5	5	5
Sustainable Building Methods	5	5	5
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 20.0%	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	113	113	113

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.