CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
July 17, 2019

Kimberly Park Apartments, located at 15135 Kimberly Drive in Victorville, requested and is being recommended for a reservation of $633,142 in annual federal tax credits to finance the acquisition and rehabilitation of 131 units of housing serving tenants with rents affordable to households earning 40-80% of area median income (AMI). The project will be developed by Willow Partners LLC and is located in Senate District 21 and Assembly District 33.

Kimberly Park Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Kimberly Park Apartments (CA-2000-191). See **Resyndication and Resyndication Transfer Event below** for additional information.

Project Number CA-19-490

Project Name Kimberly Park Apartments
Site Address: 15135 Kimberly Drive
Victorville, CA 92394 County: San Bernardino
Census Tract: 99.01

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$633,142	$0
Recommended:	$633,142	$0

Applicant Information
Applicant: WP Kimberly Park Apartments, LP
Contact: Amelia Ross
Address: 310 N Westlake Blvd # 210
Westlake Village, CA 91362
Phone: (805) 379-8555
Email: aross@willowpartners.com

General Partner(s) or Principal Owner(s): WP Kimberly, LLC
Central Valley Coalition for Affordable Housing, Inc.
General Partner Type: For Profit
Parent Company(ies): Willow Partners, LLC
Central Valley Coalition for Affordable Housing, Inc.
Developer: Willow Partners LLC
Investor/Consultant: CREA LLC
Management Agent: The John Stewart Company

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	21
Total # of Units:	132
No. / % of Low Income Units:	131 100.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt

Average Income Project (70% and/or 80% AMI Units): 59% AMI targeted average or less is required

Bond Information

Issuer:	California Statewide Communities Development Authority
Expected Date of Issuance:	October 1, 2019

Information

Housing Type:	Large Family
Geographic Area:	Inland Empire Region
TCAC Project Analyst:	Diane SooHoo

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
40% AMI:	47	36%
50% AMI:	53	40%
60% AMI:	4	3%
80% AMI:	27	21%

Unit Mix

32 2-Bedroom Units
72 3-Bedroom Units
28 4-Bedroom Units
132 Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
32	2 Bedrooms	40%	40%	$607
15	3 Bedrooms	40%	40%	$701
29	3 Bedrooms	50%	50%	$876
27	3 Bedrooms	80%	80%	$1,401
24	4 Bedrooms	50%	50%	$977
4	4 Bedrooms	60%	60%	$1,173
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$1,200

Project Cost Summary at Application	
Land and Acquisition	$9,850,000
Construction Costs	$0
Rehabilitation Costs	$3,935,000
Construction Hard Cost Contingency	$302,000
Soft Cost Contingency	$200,000
Relocation	$0
Architectural/Engineering	$380,000
Const. Interest, Perm. Financing	$541,400
Legal Fees	$206,751
Reserves	$283,006
Other Costs	$836,495
Developer Fee	$2,050,247
Commercial Costs	$0
Total	**$18,584,899**

Residential	
Construction Cost Per Square Foot:	$28
Per Unit Cost:	$140,795
True Cash Per Unit Cost*:	$118,309

Construction Financing

Source	Amount
CBRE	$8,600,000
Seller Carryback	$2,127,999
Seller Credit	$730,057
Deferred Developer Fee	$840,057
Deferred Costs	$202,552
Tax Credit Equity	$6,084,234

Permanent Financing

Source	Amount
CBRE	$8,600,000
Seller Carryback	$2,127,999
Seller Credit	$730,057
Operating Income	$202,552
Deferred Developer Fee	$840,057
Tax Credit Equity	$6,084,234
TOTAL	**$18,584,899**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$6,621,997
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$10,577,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$8,608,596
Qualified Basis (Acquisition):	$10,577,500
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$284,084
Maximum Annual Federal Credit, Acquisition:	$349,058
Total Maximum Annual Federal Credit:	$633,142
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,050,247
Investor/Consultant:	CREA LLC
Federal Tax Credit Factor:	$0.96096

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:	$17,199,497
Actual Eligible Basis:	$17,199,497
Unadjusted Threshold Basis Limit:	$54,214,664
Total Adjusted Threshold Basis Limit:	$95,417,809

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: 76%

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

The applicant has demonstrated impractically and/or undue financial burden of full compliance to the requirements of Section 10325(f)(7)(K) and has been granted a partial waiver such that the project shall provide 5% of units (7 units) meeting the Chapter 11(B) mobility standards. The project shall continue to provide 4% of units with communications accessible features in compliance with Chapter 11(B).

The project includes 27 market rate units that will be converted to low income units. See **Resyndication and Resyndication Transfer Event** below for additional information.

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-2000-191). 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. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

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-2000-191) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The Existing Regulatory Agreement (CA-2000-191) includes 27 market rate units that will be converted to low income units under the new regulatory agreement. Extended use language within the existing regulatory agreement (CA-2000-191) is not applicable to these 27 units, therefore existing households are NOT "grandfathered" and must be re-qualified under the new reservation. The applicant should consult TCAC compliance staff with questions about the re-qualification.

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on TCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by TCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is resyndicating concurrently with a Transfer Event with distribution of Net Project Equity. The rehabilitation scope of work shall include all of the Short Term Work in the amount of $730,057. In consideration of the Short Term Work requirement, the seller of the project will give a credit in the amount of at least $730,057. As a result of the seller credit, the project is allowed to receive eligible basis for the entire Short Term Work amount.

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.

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 comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.