

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**Tax-Exempt Bond Project**

**July 17, 2019**

Coldstream Commons, located at 10290 Cold Stream Road in Truckee, requested and is being recommended for a reservation of \$815,859 in annual federal tax credits to finance the new construction of 47 units of housing serving tenants with rents affordable to households earning 25-60% of area median income (AMI). The project will be developed by Neighborhood Partners, LLC and will be located in Senate District 1 and Assembly District 1.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract. The project financing includes state funding from the AHSC and NHTF programs of HCD.

**Project Number** CA-19-492

**Project Name** Coldstream Commons  
**Site Address:** 10290 Cold Stream Road  
Truckee, CA 96161 County: Nevada  
**Census Tract:** 12.04

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$815,859	\$0
Recommended:	\$815,859	\$0

**Applicant Information**

**Applicant:** Neighborhood Partners, LLC  
**Contact:** Luke Watkins  
**Address:** 2745 Portage Bay East  
Davis CA 95616  
**Phone:** (530) 400-2927  
**Email:** lukewatkins@sbcglobal.net

**General Partner(s) or Principal Owner(s):** NP Coldstream LLC  
JSCo Coldstream Commons LLC  
Pacific Housing, Inc.

**General Partner Type:** Joint Venture

**Parent Company(ies):** Neighborhood Partners, LLC  
John Stewart Company  
Pacific Housing, Inc.

**Developer:** Neighborhood Partners, LLC

**Investor/Consultant:** Enterprise Housing Credit Investment

**Management Agent:** John Stewart Company

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 5  
 Total # of Units: 48  
 No. / % of Low Income Units: 47 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Contract (12 units - 25%)

**Bond Information**

Issuer: California Housing Finance Agency  
 Expected Date of Issuance: September 1, 2019

**Information**

Housing Type: Non-Targeted  
 Geographic Area: Rural  
 TCAC Project Analyst: Alex Ninh

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
35% AMI: 24	51%
60% AMI: 23	49%

**Unit Mix**

24 1-Bedroom Units  
 24 2-Bedroom Units  


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 48 Total Units

<b>Unit Type &amp; Number</b>	<b>2018 Rents Targeted % of Area Median Income</b>	<b>2018 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
12 1 Bedroom	25%	25%	\$340
6 1 Bedroom	30%	30%	\$408
6 2 Bedrooms	30%	30%	\$489
6 1 Bedroom	60%	60%	\$816
17 2 Bedrooms	60%	60%	\$979
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,067,691
Construction Costs	\$12,660,748
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$650,172
Soft Cost Contingency	\$211,180
Relocation	\$0
Architectural/Engineering	\$658,000
Const. Interest, Perm. Financing	\$1,404,000
Legal Fees	\$150,000
Reserves	\$192,622
Other Costs	\$1,175,587
Developer Fee	\$2,450,000
Commercial Costs	\$0
<b>Total</b>	<b>\$20,620,000</b>

**Residential**

Construction Cost Per Square Foot:	\$295
Per Unit Cost:	\$429,583
True Cash Per Unit Cost*:	\$390,251

**Construction Financing**

<u>Source</u>	<u>Amount</u>
Wells Fargo Bank	\$18,000,000
Coldstream Properties Land Donatic	\$725,000
Deferred Costs	\$1,240,949
Tax Credit Equity	\$654,051

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
HCD AHSC AHD	\$5,872,140
HCD NHTF	\$4,012,084
HCD AHSC HRI	\$1,342,691
Coldstream Properties Land Donation	\$725,000
Deferred Developer Fee	\$1,162,933
Tax Credit Equity	\$7,505,152
<b>TOTAL</b>	<b>\$20,620,000</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$19,017,703
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$24,723,014
Applicable Rate:	3.30%
Maximum Annual Federal Credit:	\$815,859
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,450,000
Investor/Consultant:	Enterprise Housing Credit Investment
Federal Tax Credit Factor:	\$0.91991

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:	\$19,017,703
Actual Eligible Basis:	\$19,017,703
Unadjusted Threshold Basis Limit:	\$14,503,248
Total Adjusted Threshold Basis Limit:	\$30,746,886

**Adjustments to Basis Limit**

Highest or High Resource Opportunity Area  
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are  
Income Targeted at 35% AMI or Below: 102%

**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

**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 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.