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

River Park Manor located at 695 South Jefferson Street in Napa, requested and is being recommended for a reservation of $854,406 in annual federal tax credits to finance the acquisition and rehabilitation of 104 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Gung Ho - River Park, LLC and is located in Senate District 3 and Assembly District 4.

Project Number CA-19-496

Project Name River Park Manor
Site Address: 695 South Jefferson Street
Napa, CA 94559 County: Napa
Census Tract: 2008.02

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$854,406	$0
Recommended:	$854,406	$0

Applicant Information

Applicant:	Reliant - River Park, LP
Contact:	TJ Park
Address:	601 California Street, Suite 1150 San Francisco, CA 94108
Phone:	(415) 813-3833
Email:	tjpark@reliantgroup.com

General Partner(s) or Principal Owner(s):	Gung Ho - River Park, LLC Rainbow - River Park, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Gung Ho Partners, LLC Rainbow Housing Assistance Corporation
Developer:	Gung Ho - River Park, LLC
Investor/Consultant:	Boston Financial Investment Management, LP
Management Agent:	Reliant Property Management

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 11
Total # of Units: 105
No. / % of Low Income Units: 104 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt

Bond Information

Issuer: California Public Finance Authority
Expected Date of Issuance: July 31, 2019

Information

Housing Type: Non-Targeted
Geographic Area: Northern Region
TCAC Project Analyst: Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	11	11%
60% AMI:	93	89%

Unit Mix

7	SRO/Studio Units
59	1-Bedroom Units
39	2-Bedroom Units
105	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
6	SRO/Studio	60%	60%	$964
53	1 Bedroom	60%	60%	$1,033
34	2 Bedrooms	60%	60%	$1,240
1	SRO/Studio	50%	50%	$803
6	1 Bedroom	50%	50%	$861
4	2 Bedrooms	50%	50%	$1,033
1	2 Bedrooms	Manager's Unit	Manager's Unit	$1,750

Project Cost Summary at Application	
Land and Acquisition	$16,520,000
Construction Costs	$0
Rehabilitation Costs	$5,675,705
Construction Hard Cost Contingency	$567,570
Soft Cost Contingency	$35,000
Relocation	$26,250
Architectural/Engineering	$175,000
Const. Interest, Perm. Financing	$1,821,221
Legal Fees	$92,000
Reserves	$319,276
Other Costs	$205,706
Developer Fee	$3,377,098
Commercial Costs	$0
Total	**$28,814,826**

Residential	
Construction Cost Per Square Foot:	$78
Per Unit Cost:	$274,427
True Cash Per Unit Cost*:	$260,004

Construction Financing

Source	Amount
Citibank - T.E. Bonds	$14,500,000
Reliant CAP IX - T.E. Bonds	$4,000,000
Operating Income	$598,900
Deferred Developer Fee	$2,042,576
Tax Credit Equity	$7,673,350

Permanent Financing

Source	Amount
Citibank - T.E. Bonds	$14,500,000
Reliant CAP IX - T.E. Bonds	$4,000,000
Operating Income	$598,900
Deferred Developer Fee	$1,514,451
Tax Credit Equity	$8,201,475
TOTAL	**$28,814,826**

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

Determination of Credit Amount(s)	
Requested Eligible Basis (Rehabilitation):	$8,001,413
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	$17,889,670
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$8,001,413
Qualified Basis (Acquisition):	$17,889,670
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$264,047
Maximum Annual Federal Credit, Acquisition:	$590,359
Total Maximum Annual Federal Credit:	$854,406
Approved Developer Fee (in Project Cost & Eligible Basis):	$3,377,098
Investor/Consultant:	Boston Financial Investment Management, LP
Federal Tax Credit Factor:	$0.95990

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:	$25,891,083
Actual Eligible Basis:	$25,891,083
Unadjusted Threshold Basis Limit:	$37,921,152
Total Adjusted Threshold Basis Limit:	$41,713,267

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: 10%

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's estimate for annual operating expenses per unit is below the $4,600 published per unit operating expense minimum required for this type of project. As allowed by TCAC Regulation Section 10327(g)(1), TCAC approves the annual per unit operating expense total of $4,516 in agreement with the permanent lender and equity investor.

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 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.