

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report Tax-Exempt Bond Project July 17, 2019

Woodlake Terrace, located at 448 Ropes Avenue in Woodlake, requested and is being recommended for a reservation of \$356,922 in annual federal tax credits to finance the new construction of 30 low-income units of housing serving large families with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by the Corporation for Better Housing and will be located in Senate District 14 and Assembly District 26.

The project financing includes state funding from CalHFA and the HOME program of HCD.

Project Number CA-19-500

Project Name Woodlake Terrace
Site Address: 448 Ropes Avenue
Woodlake, CA 93286 County: Tulare
Census Tract: 7.01

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$356,922	\$0
Recommended:	\$356,922	\$0

Applicant Information

Applicant: 448 Ropes Ave., L.P.
Contact: Lori Koester
Address: 21031 Ventura Blvd., Suite 200
Woodland Hills CA 91364
Phone: 818-905-2430
Email: lkoester@corpoffices.org

General Partner(s) or Principal Owner(s): Corporation for Better Housing
General Partner Type: Nonprofit
Parent Company(ies): Corporation for Better Housing
Developer: Corporation for Better Housing
Investor/Consultant: Alliant Capital, Ltd.
Management Agent: WinnResidential

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 31
No. / % of Low Income Units: 30 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HOME
Utility Allowance: CUAC

Bond Information

Issuer: CalHFA
 Expected Date of Issuance: October 1, 2019

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting		Percentage of
Number of Units		Affordable Units
50% AMI:	6	20%
60% AMI:	24	80%

Unit Mix

16 2-Bedroom Units
 15 3-Bedroom Units

 31 Total Units

Unit Type & Number	2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
3 2 Bedrooms	50%	50%	\$672
12 2 Bedrooms	60%	60%	\$807
3 3 Bedrooms	50%	50%	\$776
12 3 Bedrooms	60%	60%	\$931
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$143,182
Construction Costs	\$7,488,587
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$374,430
Soft Cost Contingency	\$198,556
Relocation	\$0
Architectural/Engineering	\$287,540
Const. Interest, Perm. Financing	\$868,927
Legal Fees	\$190,000
Reserves	\$65,147
Other Costs	\$698,387
Developer Fee	\$1,400,000
Commercial Costs	\$0
Total	\$11,714,756

Residential

Construction Cost Per Square Foot:	\$248
Per Unit Cost:	\$377,895
True Cash Per Unit Cost*:	\$341,807

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Pacific Western Bank	\$8,600,000	CalHFA Permanent Loan	\$1,202,000
Seller Carryback Loan	\$143,182	CalHFA Earned Surplus Loan	\$585,614
Tax Credit Equity	\$1,143,436	HCD-HOME Loan	\$5,000,000
		Seller Carryback Loan	\$143,182
		Deferred Developer Fee	\$975,565
		Solar Equity	\$203,844
		Tax Credit Equity	\$3,604,551
		TOTAL	\$11,714,756

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$10,815,804
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$10,815,804
Applicable Rate:	3.30%
Total Maximum Annual Federal Credit:	\$356,922
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	Alliant Capital, Ltd.
Federal Tax Credit Factor:	\$1.00990

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:	\$10,815,804
Actual Eligible Basis:	\$10,815,804
Unadjusted Threshold Basis Limit:	\$11,630,080
Total Adjusted Threshold Basis Limit:	\$14,321,493

Adjustments to Basis Limit

Local Development Impact Fees

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 20%

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.

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.