

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

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

Willett Ranch, located at 54 and 55 Willett Street in Ventura, requested and is being recommended for a reservation of \$1,002,755 in annual federal tax credits to finance the new construction of 50 units of housing serving seniors with rents affordable to households earning 50-60% AMI of area median income (AMI). The project will be developed by the Housing Authority of the City of San Buenaventura and will be located in Senate District 37 and Assembly District 19.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the National Housing Trust Fund program of HCD.

**Project Number** CA-19-503

**Project Name** Willett Ranch  
**Site Address:** 54 and 55 Willett Street  
Ventura 93001 County: Ventura  
**Census Tract:** 6111.00.22.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,002,755	\$0
Recommended:	\$1,002,755	\$0

**Applicant Information**

**Applicant:** Housing Authority of the City of San Buenaventura  
**Contact:** Denise M. Wise  
**Address:** 995 Riverside Street  
Ventura CA 93001  
**Phone:** 805-648-5008  
**Email:** dwise@hacityventura.org

**General Partner(s) or Principal Owner(s):** Homecomings, Inc. (affiliate of HACSB)  
**General Partner Type:** Nonprofit  
**Developer:** Housing Authority of the City of San Buenaventura  
**Investor/Consultant:** California Housing Partnership Corporation  
**Management Agent:** Housing Authority of the City of San Buenaventura

**Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 2  
**Total # of Units:** 50  
**No. / % of Low Income Units:** 49 100.00%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** Tax-Exempt / HUD Section 8 Project-based Vouchers (100% - 49 units)  
**Utility Allowance:** CUAC

**Bond Information**

Issuer: Housing Authority of the City of San Buenaventura  
 Expected Date of Issuance: November 1, 2019

**Information**

Housing Type: Seniors  
 Geographic Area: Central Coast Region  
 TCAC Project Analyst: Elaine Johnson

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 15	31%
60% AMI: 34	69%

**Unit Mix**

46 1-Bedroom Units
<u>4 2-Bedroom Units</u>
50 Total Units

<u>Unit Type &amp; 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>
12 1 Bedroom	50%	30%	\$570
2 1 Bedroom	50%	30%	\$570
1 2 Bedrooms	50%	30%	\$684
32 1 Bedroom	60%	30%	\$570
2 2 Bedrooms	60%	30%	\$684
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,525,600
Construction Costs	\$15,756,015
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$794,081
Soft Cost Contingency	\$150,000
Relocation	\$0
Architectural/Engineering	\$724,000
Const. Interest, Perm. Financing	\$2,217,908
Legal Fees	\$180,000
Reserves	\$889,354
Other Costs	\$1,636,428
Developer Fee	\$3,048,815
Commercial Costs	\$0
<b>Total</b>	<b>\$26,922,201</b>

**Residential**

Construction Cost Per Square Foot:	\$448
Per Unit Cost:	\$538,444
True Cash Per Unit Cost*:	\$518,033

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Wells Fargo (Tax-Exempt)	\$21,110,000	CCRC	\$6,785,509
Wells Fargo (Taxable)	\$765,415	HCD NHTF	\$8,370,651
County of Ventura HOME	\$444,924	County of Ventura HOME	\$444,924
Affordable Housing Program	\$750,000	AHP	\$750,000
City of Ventura HOME	\$65,000	City of Ventura HOME	\$65,000
Costs Deferred Until Completion	\$1,943,585	Deferred Developer Fee	\$1,020,532
Deferred Developer Fee	\$1,020,532	General Partner Equity	\$100
GP Equity	\$100	Tax Credit Equity	\$9,485,485
LP Equity	\$822,645	<b>TOTAL</b>	<b>\$26,922,201</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$23,374,251
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$30,386,526
Applicable Rate:	3.30%
Total Maximum Annual Federal Credit:	\$1,002,755
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,048,815
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.94594

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:	\$23,374,251
Actual Eligible Basis:	\$23,374,251
Unadjusted Threshold Basis Limit:	\$14,864,866
Total Adjusted Threshold Basis Limit:	\$24,675,514

**Adjustments to Basis Limit**

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are

Income Targeted between 50% AMI & 36% AMI: 30%

**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 per unit development cost is \$538,444. The applicant stated that the high per unit cost is attributable to prevailing wages, structure fees, and high development impact fees.

**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.