

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2019 Second Round

September 25, 2019

Mountain View Manor, located at 116 Circle Drive in Quincy, requested and is being recommended for a reservation of \$647,060 in annual federal tax credits to finance the acquisition and rehabilitation of 45 units of housing serving seniors with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Micon Real Estate and is located in Senate District 1 and Assembly District 1.

The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

Project Number CA-19-074

Project Name Mountain View Manor
Site Address: 116 Circle Drive
Quincy, CA 95971 County: Plumas
Census Tract: 1.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$647,060	\$0
Recommended:	\$647,060	\$0

Applicant Information

Applicant: Micon Real Estate
Contact: Michael L. Condry
Address: 1370 Jensen, Suite B
Sanger, CA 93657
Phone: (559) 875-3330
Email: mcondry@miconrealestate.com

General Partner(s) / Principal Owner(s):	Central Valley Coalition for Affordable Housing Micon Real Estate
General Partner Type:	Joint Venture
Parent Company(ies):	Central Valley Coalition for Affordable Housing Micon Real Estate
Developer:	Micon Real Estate
Investor/Consultant:	Boston Financial
Management Agent(s):	AWI Management Corporation

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	8
Total # of Units:	46
No. & % of Tax Credit Units:	45 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	USDA 515 / USDA 521 Rental Subsidy (45 units / 100%)

Information

Set-Aside: Rural
Housing Type: Seniors
TCAC Project Analyst: Jack Waegell

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
At or Below 30% AMI:	5	10%
At or Below 45% AMI:	5	10%
At or Below 50% AMI (Rural):	23	50%
At or Below 55% AMI (Rural):	5	10%
At or Below 60% AMI:	7	15%

Unit Mix

44 1-Bedroom Units
2 2-Bedroom Units
46 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
4 1 Bedroom	30%	30%	\$391
5 1 Bedroom	45%	45%	\$587
23 1 Bedroom	50%	50%	\$653
5 1 Bedroom	55%	55%	\$718
7 1 Bedroom	60%	60%	\$783
1 2 Bedrooms	30%	30%	\$470
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,788,000
Construction Costs	\$0
Rehabilitation Costs	\$3,174,490
Construction Contingency	\$386,049
Relocation	\$300,000
Architectural/Engineering	\$120,000
Const. Interest, Perm. Financing	\$430,121
Legal Fees	\$230,000
Reserves	\$679,160
Other Costs	\$212,833
Developer Fee	\$738,515
Commercial Costs	\$0
Total	\$8,059,168

Residential

Construction Cost Per Square Foot:	\$99
Per Unit Cost:	\$175,199
True Cash Per Unit Cost*:	\$175,199

Construction Financing

Source	Amount
Bonneville Mortgage	\$3,552,053
Bonneville Perm Loan	\$548,417
USDA - 515 Assumed Loan	\$1,531,917
Existing Reserves & Accounts	\$220,000
Deferred Reserves & Accounts	\$316,500
Deferred Developer Fee	\$738,515
Tax Credit Equity	\$1,151,766

Permanent Financing

Source	Amount
Bonneville Mortgage	\$548,417
USDA - 515 Assumed Loan	\$1,531,917
Existing Reserves & Accounts	\$220,000
Tax Credit Equity	\$5,758,834
TOTAL	\$8,059,168

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$5,083,644
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$1,584,056
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$6,608,737
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$1,584,056
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$594,786
Maximum Annual Federal Credit, Acquisition:	\$52,274
Total Maximum Annual Federal Credit:	\$647,060
Approved Developer Fee (in Project Cost & Eligible Basis):	\$738,515
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.89000

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. 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:	\$6,667,700
Actual Eligible Basis:	\$6,667,700
Unadjusted Threshold Basis Limit:	\$11,111,860
Total Adjusted Threshold Basis Limit:	\$11,111,860

Adjustments to Basis Limit: None.

Tie-Breaker Information

First:	Seniors
Final:	39.681%

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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. 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.

Resyndication and Resyndication Transfer Event: None.

Legal Status

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency

The Local Reviewing Agency, the Plumas County Community Development Commission, has completed a site review of this project and supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit (van or dial-a-ride service for rural set-aside)	4	4	4
Within 1 mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Senior project within 1 mile of daily operated senior center/facility	3	3	3
Within 1.5 miles of medical clinic or hospital	2	2	0
Within 1 mile of a pharmacy	2	2	2
Service Amenities	10	10	10
SENIOR HOUSING TYPE			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Sustainable Building Methods	5	5	5
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 15%	3	3	3
Additional rehab measures: PV generation that offsets either 50% of comm	2	2	2
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	113	113	113

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS.
ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**