

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2019 Second Round

September 25, 2019

El Portal, located at 1240-1280 North Ventura Avenue in Ventura, requested and is being recommended for a reservation of \$886,211 in annual federal tax credits to finance the rehabilitation of 28 units of housing serving special needs tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Housing Authority of the City of Ventura and is located in Senate District 19 and Assembly District 37.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and HUD Veterans Affairs Supportive Housing (VASH) Vouchers.

Project Number	CA-19-086
Project Name	El Portal
Site Address:	1240-1280 North Ventura Avenue
	Ventura, CA 93001 County: Ventura
Census Tract:	22.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$886,211	\$0
Recommended:	\$886,211	\$0

Applicant Information	
Applicant:	Homecomings, Inc.
Contact:	Denise M. Wise
Address:	995 Riverside Street
	Ventura, CA 93001
Phone:	(805) 648-5008
Email:	dwise@hacityventura.org

General Partner(s) / Principal Owner(s):	Homecomings, Inc.
General Partner Type:	Nonprofit
Parent Company(ies):	Housing Authority of the City of Ventura
Developer:	Housing Authority of the City of Ventura
Investor/Consultant:	California Housing Partnership Corporation
Management Agent(s):	Housing Authority of the City of Ventura

Project Information

Construction Type: Rehabilitation-Only
 Total # Residential Buildings: 1
 Total # of Units: 29
 No. & % of Tax Credit Units: 28 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME / CDBG /
 HUD Section 8 Project-based Vouchers (23 units - 82%) /
 HUD VASH Vouchers (5 units - 17%)

Information

Set-Aside: N/A
 Housing Type: Special Needs
 Type of Special Needs: Homeless / Persons with physical, mental, development disabilities
 Average Targeted Affordability of Special Needs/SRO Project Units: 32.9%
 % of Special Need Units: 14 units 45%
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Carmen Doonan

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
At or Below 30% AMI:	13	45%
At or Below 50% AMI:	11	35%
At or Below 60% AMI:	4	10%

Unit Mix

20 SRO/Studio Units
 6 1-Bedroom Units
 3 2-Bedroom Units

 29 Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
6	SRO/Studio	30%	30%	\$549
1	1 Bedroom	30%	30%	\$588
1	2 Bedrooms	30%	30%	\$706
5	SRO/Studio	30%	30%	\$549
9	SRO/Studio	50%	50%	\$916
2	1 Bedroom	50%	50%	\$981
3	1 Bedroom	60%	60%	\$1,177
1	2 Bedrooms	60%	60%	\$1,413
1	2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,809,201
Construction Costs	\$0
Rehabilitation Costs	\$5,195,335
Construction Contingency	\$824,462
Relocation	\$0
Architectural/Engineering	\$385,609
Const. Interest, Perm. Financing	\$680,905
Legal Fees	\$62,041
Reserves	\$92,394
Other Costs	\$770,928
Developer Fee	\$1,195,410
Commercial Costs	\$576,257
Total	\$12,592,542

Residential

Construction Cost Per Square Foot:	\$286
Per Unit Cost:	\$412,478
True Cash Per Unit Cost*:	\$412,478

Construction Financing

Source	Amount
Wells Fargo Bank	\$9,879,000
City of Ventura - HOME	\$935,000
City of Ventura - CDBG	\$65,000
General Partner Loan	\$800,000
Costs Deferred Until Conversion	\$704,489
Tax Credit Equity	\$209,053

Permanent Financing

Source	Amount
Tranche A & B	\$2,704,000
City of Ventura - HOME	\$935,000
City of Ventura - CDBG	\$65,000
General Partner Loan	\$800,000
Tax Credit Equity	\$8,088,542
TOTAL	\$12,592,542

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$7,574,457
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$9,846,794
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$886,211
Approved Developer Fee in Project Cost:	\$1,195,410
Approved Developer Fee in Eligible Basis:	\$1,135,211
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.91271

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:	\$7,574,457
Actual Eligible Basis:	\$8,709,069
Unadjusted Threshold Basis Limit:	\$6,956,570
Total Adjusted Threshold Basis Limit:	\$8,347,884

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

Tie-Breaker Information

First:	Special Needs
Final:	34.096%

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

The amount in the developer fee in basis of \$1,140,993 exceeded the 15% maximum developer fee of \$1,135,211 that may be included in eligible basis for rehabilitation only projects outlined in TCAC regulation section 10327(c)(2)(A)(i). TCAC adjusted accordingly resulting in a reduction to the developer fee in basis to \$1,135,211.

The applicant's estimate of contractor profit, overhead and general requirement costs exceeds TCAC limit of 14%. However, the estimated costs are within the limits if the hard cost contingency is included in the calculation. The applicant is cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed.

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, City of Ventura, has completed a site review of this project and strongly 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 ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within ¼ of a public elementary school	3	3	3
Within 1 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
SPECIAL NEEDS HOUSING TYPE			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
Sustainable Building Methods	5	5	5
REHABILITATION			
Develop project in accordance w/ requirements: GreenPoint Rated Existing H	5	5	5
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.**