CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 16, 2019

Parkside Terrace, located at 463 Wooster Avenue in San Jose, requested and is being recommended for a reservation of $3,325,502 in annual federal tax credits to finance the acquisition and rehabilitation of 200 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Community HousingWorks and is located in Senate District 15 and Assembly District 27.

Parkside Terrace is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Hidden Brooks Apartments (CA-2002-922). See **Resyndication and Resyndication Transfer Event** below for additional information.

Project Number CA-19-520

Project Name Parkside Terrace
Site Address: 463 Wooster Avenue
San Jose, CA 95116 County: Santa Clara
Census Tract: 5014.01

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$3,325,502	$0
Recommended:	$3,325,502	$0

Applicant Information

Applicant:	Tripp Avenue Housing Associates, L.P.
Contact:	Mary Jane Jagodzinski
Address:	3111 Camino del Rio North, Suite 800 San Diego, CA 92108
Phone:	(619) 450-8710
Email:	mjjag@chworks.org

General Partner(s) or Principal Owner(s):	CHW Parkside Terrace, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Community HousingWorks
Developer:	Community HousingWorks
Investor/Consultant:	California Housing Partnership
Management Agent:	ConAm Management

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	10
Total # of Units:	201
No. / % of Low Income Units:	200 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt

Bond Information

Issuer:	California Statewide Communities Development Authority
Expected Date of Issuance:	November 1, 2019

Information

Housing Type:	Non-Targeted
Geographic Area:	South and West Bay Region
TCAC Project Analyst:	Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	70	35%
60% AMI:	130	65%

Unit Mix

200	1-Bedroom Units
1	2-Bedroom Units
201	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
40	1 Bedroom	50%	50%	$1,360
30	1 Bedroom	50%	50%	$1,372
130	1 Bedroom	60%	59%	$1,632
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$70,041,291
Construction Costs	$0
Rehabilitation Costs	$13,055,833
Construction Hard Cost Contingency	$1,305,583
Soft Cost Contingency	$129,456
Relocation	$786,500
Architectural/Engineering	$598,855
Const. Interest, Perm. Financing	$4,729,966
Legal Fees	$91,500
Reserves	$861,596
Other Costs	$605,320
Developer Fee	$13,114,000
Commercial Costs	$0
Total	**$105,319,900**

Residential

Construction Cost Per Square Foot:	$95
Per Unit Cost:	$523,980
True Cash Per Unit Cost*:	$481,456

Construction Financing

Source	Amount
JLL Capital Markets - Tax-Exempt Bonds	$31,230,000
Seller Note - Tax-Exempt Bonds	$30,733,318
General Partner Loan	$270,259
Accrued Interest	$996,700
Deferred Costs	$2,342,096
Deferred Developer Fee	$8,547,250
General Partner Equity	$1,076,750
Tax Credit Equity	$30,123,527

Permanent Financing

Source	Amount
JLL Capital Markets / Freddie Mac	$31,230,000
Seller Note - Tax-Exempt Bonds	$28,516,902
General Partner Loan	$270,259
Accrued Interest	$996,700
Operating Income	$2,291,578
Deferred Developer Fee	$8,547,250
General Partner Equity	$1,076,750
Tax Credit Equity	$32,390,461
TOTAL	**$105,319,900**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$21,418,093
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$72,929,267
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$27,843,521
Qualified Basis (Acquisition):	$72,929,267
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$918,836
Maximum Annual Federal Credit, Acquisition:	$2,406,666
Total Maximum Annual Federal Credit:	$3,325,502
Approved Developer Fee (in Project Cost & Eligible Basis):	$13,114,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	$0.97400

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:	$94,347,360
Actual Eligible Basis:	$100,541,473
Unadjusted Threshold Basis Limit:	$65,519,000
Total Adjusted Threshold Basis Limit:	$94,347,360

Adjustments to Basis Limit

One or more Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

● Project has onsite renewable generation estimated to produce 50% or more of annual tenant electricity use as indicated in TCAC Regulations.

● Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all interior floor space other than units (where no VOC adhesives or backing is

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 35%

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 requested and has been granted a partial waiver of the mobility requirement under TCAC Regulation Section 10325(f)(7)(K) to distribute mobility accessiblity units throughout the project due to undue financial burden. The project shall provide 10% of units meeting the provisions of California Building Code Chapter 11(B) regarding mobility accessibility features, except that the units may be grouped in the buildings closest to the site amenities, including the community building, laundry and mail.

In lieu of a second on-site manager unit, the project is committed to employ an equivalent number of on-site full-time property management staff (at least one of whom is a property manager) and provide an equivalent number of desk or security staff capable of responding to emergencies for the hours when property management staff is not working. All staff or contractors performing desk or security work shall be knowledgeable of how the property's fire system operates and be trained in, and have participated in, fire evacuation drills for tenants. CTCAC reserves the right to require that one or more on-site managers' units be provided and occupied by property management staff if, in its sole discretion, it determines as part of any on-site inspection that the project has not been adequately operated and/or maintained.

Resyndication and Resyndication Transfer Event
Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-2002-922). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s).

Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-2002-922) is a qualified low-income household for the subsequent allocation (existing household eligibility is "grandfathered").

The project is a re-syndication occurring concurrently with a Transfer Event with distribution of Net Project Equity. The rehabilitation scope of work shall include all of the Short Term Work in the amount of $1,076,750. There is a general partner equity contribution of at least $1,076,750, allowing the applicant to receive eligible basis for the entire Short Term Work amount.

The project is currently subject to a Capital Needs Agreement due to a prior Transfer Event. There is a replacement reserve in the amount of $63,254 which will continue to stay with the project.

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.