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

Parkside Garden Apartments, located at 240 West Pine Street in Lompoc, requested and is being recommended for a reservation of $628,344 in annual federal tax credits to finance the acquisition and rehabilitation of 47 units of housing serving seniors with rents affordable to households earning 50%-80% of area median income (AMI). The project will be developed by Housing Authority of the County of Santa Barbara and is located in Senate District 19 and Assembly District 35.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-19-529

Project Name Parkside Garden Apartments
Site Address: 240 West Pine Street
Lompoc, CA 93436 County: Santa Barbara
Census Tract: 27.05

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$628,344	$0
Recommended:	$628,344	$0

Applicant Information

Applicant:	Parkside Garden Apartments, L.P.
Contact:	Robert P. Havlicek Jr.
Address:	815 West Ocean Avenue Lompoc, CA 93436
Phone:	(805) 736-3423
Email:	bobhavlicek@hasbarco.org

General Partner(s) or Principal Owner(s):	Surf Development Company Housing Authority of the County of Santa Barbara
General Partner Type:	Nonprofit
Parent Company(ies):	Housing Authority of the County of Santa Barbara
Developer:	Housing Authority of the County of Santa Barbara
Investor/Consultant:	CREA
Management Agent:	Housing Authority of the County of Santa Barbara

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	6
Total # of Units:	48
No. / % of Low Income Units:	47 100.00%
Federal Set-Aside Elected:	40%/60% Average Income
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (22 Units - 46%)

Bond Information

Issuer:	Housing Authority of the County of Santa Barbara
Expected Date of Issuance:	December 31, 2019

Information

Housing Type:	Seniors
Geographic Area:	Central Coast Region
TCAC Project Analyst:	Carmen Doonan

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	18	38%
60% AMI:	24	51%
80% AMI:	5	11%

Average Income Project (70% and/or 80% AMI Units): 59% AMI targeted average or less is required

Unit Mix

38 1-Bedroom Units
10 2-Bedroom Units
48 Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
13	1 Bedroom	50%	50%	$1,035
2	1 Bedroom	50%	50%	$1,035
19	1 Bedroom	60%	60%	$1,242
4	1 Bedroom	80%	61%	$1,254
3	2 Bedrooms	50%	50%	$1,241
5	2 Bedrooms	60%	54%	$1,328
1	2 Bedrooms	80%	54%	$1,328
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$9,051,834
Construction Costs	$0
Rehabilitation Costs	$5,162,000
Construction Hard Cost Contingency	$366,590
Soft Cost Contingency	$150,000
Relocation	$325,000
Architectural/Engineering	$100,000
Const. Interest, Perm. Financing	$640,400
Legal Fees	$110,000
Reserves	$541,765
Other Costs	$303,223
Developer Fee	$2,163,131
Commercial Costs	$0
Total	**$18,913,943**

Residential

Construction Cost Per Square Foot:	$157
Per Unit Cost:	$394,040
True Cash Per Unit Cost*:	$234,389

Construction Financing

Source	Amount
Rabobank	$7,896,432
Seller Carryback	$7,598,549
Accrued Interest	$253,285
Operating Income	$76,685
Existing Reserves	$223,549
Deferred Developer Fee	$1,634,012
Tax Credit Equity	$1,231,431

Permanent Financing

Source	Amount
CCRC	$4,540,000
Seller Carryback	$7,598,549
Operating Income	$76,685
Accrued Interest	$253,285
Existing Reserves	$223,549
Deferred Developer Fee	$64,720
Tax Credit Equity	$6,157,155
TOTAL	**$18,913,943**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$8,189,010
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$8,394,999
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$10,645,713
Qualified Basis (Acquisition):	$8,394,999
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$351,309
Maximum Annual Federal Credit, Acquisition:	$277,035
Total Maximum Annual Federal Credit:	$628,344
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,163,131
Investor/Consultant:	CREA
Federal Tax Credit Factor:	$0.97990

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:	$16,584,009
Actual Eligible Basis:	$16,584,009
Unadjusted Threshold Basis Limit:	$14,641,898
Total Adjusted Threshold Basis Limit:	$21,670,009

Adjustments to Basis Limit

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: 38%

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

Resyndication and Resyndication Transfer Event: 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.