CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 11, 2019
REVISED

Holiday Manor Apartments, located at 1924 Camino Del Sol in Oxnard, requested and is being recommended for a reservation of $2,933,560 in annual federal tax credits to finance the acquisition and rehabilitation of 250 units of housing serving large families with rents affordable to households earning 50%-60% of area median income (AMI). The project will be developed by Spira Holiday Manor, LP and is located in Senate District 19 and Assembly District 44.

Holiday Manor Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Holiday Manor Apartments (CA-2001-824). See **Resyndication and Resyndication Transfer Event** below for additional information.

Project Number CA-19-584

Project Name Holiday Manor Apartments
Site Address: 1924 Camino Del Sol
Oxnard, CA 93030 County: Ventura
Census Tract: 49.02

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,933,560	$0
Recommended:	$2,933,560	$0

Applicant Information

Applicant:	Holiday Manor Apartments, LP
Contact:	Stephen Ho
Address:	1015 Fillmore Street, PMB 31735 San Francisco, CA 94115
Phone:	778-373-5505
Email:	stephen@spiraequitypartners.com

General Partner(s) or Principal Owner(s):	Spira Holiday Manor, LP FFAH V Holiday Manor, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Spira Equity Partners Foundation for Affordable Housing
Developer:	Spira Holiday Manor, LP
Investor/Consultant:	CREA LLC
Management Agent:	Aperto Property Management, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	30
Total # of Units:	252
No. / % of Low Income Units:	250 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt

Bond Information

Issuer:	California Statewide Communities Development Authority
Expected Date of Issuance:	March 31, 2020

Information

Housing Type:	Large Family
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:	51	20%
60% AMI:	199	80%

Unit Mix

60	1-Bedroom Units
100	2-Bedroom Units
92	3-Bedroom Units
252	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
6	1 Bedroom	50%	50%	$981
25	1 Bedroom	50%	50%	$981
29	1 Bedroom	60%	60%	$1,177
12	2 Bedrooms	50%	50%	$1,177
88	2 Bedrooms	60%	60%	$1,413
8	3 Bedrooms	50%	50%	$1,360
82	3 Bedrooms	60%	60%	$1,632
2	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$64,239,200
Construction Costs	$0
Rehabilitation Costs	$10,160,640
Construction Hard Cost Contingency	$1,016,000
Soft Cost Contingency	$86,800
Relocation	$192,300
Architectural/Engineering	$200,000
Const. Interest, Perm. Financing	$4,070,800
Legal Fees	$132,000
Reserves	$845,462
Other Costs	$369,591
Developer Fee	$11,010,379
Commercial Costs	$0
Total	**$92,323,172**

Residential	
Construction Cost Per Square Foot:	$34
Per Unit Cost:	$366,362
True Cash Per Unit Cost*:	$337,734

Construction Financing

Source	Amount
Capital One	$51,250,000
General Partner Loan	$14,990,208
Cash Flow From Operations	$5,696,349
Deferred Developer Fee	$11,010,379
General Partner Equity	$1,323,500
Tax Credit Equity	$8,052,736

Permanent Financing

Source	Amount
Capital One	$51,250,000
Cash Flow From Operations	$5,696,349
Deferred Developer Fee	$7,214,202
General Partner Equity	$1,323,500
Tax Credit Equity	$26,839,121
TOTAL	**$92,323,172**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$15,114,761
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$69,246,584
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$19,649,189
Qualified Basis (Acquisition):	$69,246,584
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$648,423
Maximum Annual Federal Credit, Acquisition:	$2,285,137
Total Maximum Annual Federal Credit:	$2,933,560
Approved Developer Fee in Project Cost:	$11,010,379
Approved Developer Fee in Eligible Basis:	$10,958,813
Investor/Consultant:	CREA LLC
Federal Tax Credit Factor:	$0.91490

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:	$84,361,345
Actual Eligible Basis:	$84,361,345
Unadjusted Threshold Basis Limit:	$94,373,988
Total Adjusted Threshold Basis Limit:	$113,248,786

Adjustments to Basis Limit

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 20%

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 are below the minimum operating expenses established in the Regulations (See **"Significant Information / Additional Conditions"** Section below), 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
This Project's annual per unit operating expense total is below the TCAC published per unit operating minimums of $4,500. As allowed by TCAC Regulation Section 10327(g)(1), TCAC approves an annual per unit operating expense total of $3,867 on agreement of the permanent lender and equity investor.

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-2001-824). 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-01-824) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities of after school programs and educational classes. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on TCAC staff’s review of the commitment in the application. The services documented in the placed in service package will be reviewed by TCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a resyndication occurring concurrently with a Transfer Event with distribution of Net Project Equity. The project is currently subject to a Capital Needs Agreement due to a prior Transfer Event. There is a capitalized replacement reserve in the amount of $75,600 which will continue to stay with the project. This Subsequent Transfer Event does not trigger any requirement of either a seller carryback note or a general partner equity contribution. The rehabilitation scope of work shall include all of the Short Term Work in the amount of $1,323,500. There is a general partner equity contribution of at least $1,323,500, allowing the applicant to receive eligible basis for the entire Short Term Work amount. There is general partner equity in the amount of $1,323,500 satisfying such requirement.

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.