

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
January 15, 2020

Vintage at Sycamore, located at 1698 Sycamore Drive in Simi Valley, requested and is being recommended for a reservation of \$1,028,153 in annual federal tax credits and \$5,235,967 in total state tax credits to finance the to finance the new construction of 98 units of housing serving seniors with rents affordable to households earning 50-70% of area median income (AMI). The project will be developed by USA Multifamily Development, Inc. and will be located in Senate District 27 and Assembly District 38.

Project Number CA-20-438

Project Name Vintage at Sycamore
Site Address: 1698 Sycamore Drive
 Simi Valley, CA 93065 County: Ventura
Census Tract: 80.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,028,153	\$5,235,967
Recommended:	\$1,028,153	\$5,235,967 *

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Simi Vintage Sycamore 650, L.P., a California Limited Partnership
Contact: Darren Bobrowsky
Address: 3200 Douglas Blvd., Suite 200
 Roseville, CA 95661
Phone: (916) 865-3985
Email: dbobrowsky@usapropfund.com

General Partner(s) or Principal Owner(s): USA Simi Vintage Sycamore 650, Inc
 99Sycamore LLC
General Partner Type: Joint Venture
Parent Company(ies): USA Properties Fund, Inc.
 Area Housing Authority Co.Ventura
Developer: USA Multifamily Development, Inc.
Investor/Consultant: Boston Captital
Management Agent: USA Multifamily Management, Inc

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 99
 No. / % of Low Income Units: 98 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: April 15, 2020

Information

Housing Type: Seniors
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Marlene McDonough

55-Year Use / Affordability

Aggregate Targeting		Percentage of
Number of Units		Affordable Units
50% AMI:	50	51%
70% AMI:	48	49%

Unit Mix

98 1-Bedroom Units
<u>1 2-Bedroom Units</u>
99 Total Units

Unit Type	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
50 1 Bedroom	50%	50%	\$981
48 1 Bedroom	70%	70%	\$1,373
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,351

Project Cost Summary at Application

Land and Acquisition	\$5,333,699
Construction Costs	\$16,304,119
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,630,412
Soft Cost Contingency	\$100,000
Relocation	\$0
Architectural/Engineering	\$1,390,334
Const. Interest, Perm. Financing	\$1,933,214
Legal Fees	\$0
Reserves	\$300,903
Other Costs	\$1,898,602
Developer Fee	\$2,903,404
Commercial Costs	\$0
Total	\$31,794,687

Residential

Construction Cost Per Square Foot:	\$264
Per Unit Cost:	\$321,158
True Cash Per Unit Cost*:	\$309,330

Construction Financing

Source	Amount
Citibank, N.A.	\$17,000,000
City of Simi Valley	\$3,500,000
Tax Credit Equity	\$8,090,380

Permanent Financing

Source	Amount
Citibank, N.A.	\$13,640,000
City of Simi Valley	\$3,500,000
Deferred Developer Fee	\$1,171,052
Tax Credit Equity	\$13,483,635
TOTAL	\$31,794,687

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$24,410,102
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$31,733,133
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	\$1,028,153
Total Maximum Annual Federal Credit:	\$1,028,153
Total State Credit:	\$5,235,967
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,903,404
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.92950
State Tax Credit Factor:	\$0.75000

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:	\$24,410,102
Actual Eligible Basis:	\$24,410,102
Unadjusted Threshold Basis Limit:	\$29,014,958
Total Adjusted Threshold Basis Limit:	\$47,165,830

Adjustments to Basis Limit

Local Development Impact Fees

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: 51%

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 3.24% 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.

The applicant’s estimate of the 3-month operating reserve shown in the application development budget is slightly below TCAC’s minimum. Per TCAC regulation 10327(g)(1), at placed-in-service review, the applicant is cautioned that the 3-month operating reserve must meet the TCAC required minimum

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.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

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.