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

Mission Heritage Plaza, located at 3933 Mission Inn Avenue and 3655 Fairmount Boulevard in Riverside, requested and is being recommended for a reservation of $1,614,989 in annual federal tax credits and $3,456,662 in total state tax credits to finance the to finance the new construction of 71 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Wakeland Housing and Development Corporation and will be located in Senate District 61 and Assembly District 31.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the VHHP/AHSC programs of HCD.

Project Number CA-20-446

Project Name Mission Heritage Plaza
Site Address: 3933 Mission Inn Avenue and 3655 Fairmount Boulevard
Riverside, CA 92501 County: Riverside
Census Tract: 303.00

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$1,614,989	$3,456,662
Recommended:	$1,614,989	$3,456,662

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Wakeland Housing and Development Corporation
Contact: Kenneth L. Sauder, President & CEO
Address: 1230 Columbia Street, Suite 950
San Diego, CA 92101
Phone: 909.771.4462
Email: sherold@wakelandhdc.com

General Partner(s) or Principal Owner(s): Wakeland Mission Heritage LLC
MHP-FH, LLC
General Partner Type: Joint Venture
Parent Company(ies): Wakeland Housing and Development Corporation
Fair Housing Council of Riverside County
Developer: Wakeland Housing and Development Corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent: ConAm Management Company

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	2
Total # of Units:	72
No. / % of Low Income Units:	71 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Vouchers (34 Units - 47%)

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	July 1, 2020

Information

Housing Type:	Large Family
Geographic Area:	Inland Empire Region
TCAC Project Analyst:	Jack Waegell

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	19	27%
45% AMI:	15	21%
50% AMI:	21	30%
60% AMI:	16	23%

Unit Mix

30	1-Bedroom Units
24	2-Bedroom Units
18	3-Bedroom Units
72	Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
14	1 Bedroom	30%	30%	$404
3	2 Bedrooms	30%	30%	$485
2	3 Bedrooms	30%	30%	$560
2	1 Bedroom	45%	45%	$606
7	2 Bedrooms	45%	45%	$727
6	3 Bedrooms	45%	45%	$840
3	1 Bedroom	50%	50%	$673
5	1 Bedroom	50%	50%	$673
7	2 Bedrooms	50%	50%	$808
6	3 Bedrooms	50%	50%	$933
6	1 Bedroom	60%	60%	$808
6	2 Bedrooms	60%	60%	$970
4	3 Bedrooms	60%	60%	$1,120
1	2 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$1,296,095
Construction Costs	$26,512,425
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$1,410,314
Soft Cost Contingency	$285,558
Relocation	$0
Architectural/Engineering	$2,169,936
Const. Interest, Perm. Financing	$2,427,217
Legal Fees	$101,430
Reserves	$876,103
Other Costs	$2,202,228
Developer Fee	$4,538,230
Commercial Costs	$2,580,226
Total	**$44,399,762**

Residential

Construction Cost Per Square Foot:	$392
Per Unit Cost:	$580,827
True Cash Per Unit Cost*:	$556,154

Construction Financing

Source	Amount
Wells Fargo - Tax-exempt Loan	$23,150,000
Wells Fargo - Taxable Loan	$5,992,940
City of Riverside TUMF Fee Waiver	$444,648
HCD AHSC HRI	$3,585,000
HACR Loan**	$3,000,000
HACR Accrued/Deferred Interest**	$107,263
State Budget Allocation	$2,000,000
Costs Deferred Until Conversion	$3,005,198
CDLAC Performance Deposit Refu	$100,000
Deferred Developer Fee	$1,331,825
Tax Credit Equity	$1,682,888

Permanent Financing

Source	Amount
CCRC	$3,280,500
HACR Loan**	$3,000,000
HACR Accrued/Deferred Interest**	$107,263
City of Riverside TUMF Fee Waiver	$444,648
HCD AHSC HRI	$10,826,931
HCD VHHP	$4,001,485
State Budget Allocation	$2,000,000
CDLAC Performance Deposit Ref	$100,000
GP Equity (Developer Fee)	$1,038,230
Deferred developer fee	$1,331,825
Tax Credit Equity	$18,268,878
TOTAL	**$44,399,762**

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee
** Housing Authority of the City of Riverside

Determination of Credit Amount(s)

Requested Eligible Basis:	$38,342,566
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$49,845,336
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$1,614,989
Total State Credit:	$3,456,662
Approved Developer Fee (in Project Cost & Eligible Basis):	$4,538,230
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$0.95998
State Tax Credit Factor:	$0.80000

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:	$38,342,566
Actual Eligible Basis:	$38,342,566
Unadjusted Threshold Basis Limit:	$23,759,076
Total Adjusted Threshold Basis Limit:	$59,000,345

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

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels

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.

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: 50%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 52%

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

This project's cost per unit is estimated at $580,827. This cost is due in part to the requirement of prevailing wages (HUD Section 8 vouchers), a solar photovoltaic system (HCD AHSC program), enhanced security (HCD VHHP program), a transition reserve (HCD AHSC & VHHP programs), as well as significant local development impact fees estimated at $1,472,848.

Within 180 days of the reservation the applicant must provide TCAC the commitment from the Housing Authority of the County of Riverside for the project-based vouchers committed to this project. The commitment must verify the requirements of TCAC regulation section 10322(h)(22), which includes the number of units receiving vouchers by unit size and the monthly contract rent for each unit size.

This project will provide 71 affordable units for low-income persons/households, including 11 units for homeless persons and 11 units for veterans.

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.