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

Worthington La Luna Family Apartments, located at 605 W Worthington Road in Imperial, requested and is being recommended for a reservation of $827,311 in annual federal tax credits and $5,892,290 in total state tax credits to finance the new construction of 65 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 CRP MHP Sponsor LLC and will be located in Senate District 56 and Assembly District 40.

The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

Project Number CA-20-453

Project Name Worthington La Luna Family Apartments
Site Address: 605 W Worthington Road
Imperial, CA 92251 County: Imperial
Census Tract: 110.00

Tax Credit Amounts	**Federal/Annual**	**State/Total** *
Requested:	$827,311	$5,892,290
Recommended:	$827,311	$5,892,290

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

Applicant Information
Applicant: CRP Worthington La Luna Family Apartments LP
Contact: Kursat Misirlioglu
Address: 600 B Street, Suite 300
San Diego, CA 92101
Phone: 619-599-3852
Email: k.misirlioglu@outlook.com

General Partner(s) or Principal Owner(s): CRP Worthington La Luna Family Apartments AGP LLC
MAAC**
General Partner Type: Joint Venture
Parent Company(ies): CRP MHP Sponsor LLC
MAAC**
Developer: CRP MHP Sponsor LLC
Investor/Consultant: CREA, LLC
Management Agent: Barker Management, Inc.

**Metropolitan Area Advisory Committee on Anti-Poverty of San Diego County, Inc.

Project Information

Construction Type:	New Construction
Total # Residential Buildings:	3
Total # of Units:	66
No. / % of Low Income Units:	65 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / RHS 514 / RHS 521 Rental Assistance (65 units - 100%)

Bond Information

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

Information

Housing Type:	Large Family
Geographic Area:	Inland Empire Region
TCAC Project Analyst:	Tiffani Negrete

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	15	23%
40% AMI:	15	23%
60% AMI:	35	54%

Unit Mix

12 1-Bedroom Units
36 2-Bedroom Units
18 3-Bedroom Units
66 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	60%	60%	$729
3	1 Bedroom	40%	40%	$486
3	1 Bedroom	30%	30%	$364
20	2 Bedrooms	60%	60%	$876
8	2 Bedrooms	40%	40%	$584
8	2 Bedrooms	30%	30%	$438
9	3 Bedrooms	60%	60%	$1,011
4	3 Bedrooms	40%	40%	$674
4	3 Bedrooms	30%	30%	$505
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$1,490,789
Construction Costs	$12,643,579
Rehabilitation Costs	$0
Construction Hard Cost Contingency	$657,179
Soft Cost Contingency	$90,431
Relocation	$0
Architectural/Engineering	$523,577
Const. Interest, Perm. Financing	$1,180,106
Legal Fees	$232,500
Reserves	$194,027
Other Costs	$1,608,877
Developer Fee	$2,561,968
Commercial Costs	$0
Total	**$21,183,033**

Residential	
Construction Cost Per Square Foot:	$196
Per Unit Cost:	$320,955
True Cash Per Unit Cost*:	$311,244

Construction Financing

Source	Amount
Citibank - T.E. Bonds	$16,799,669
Seller Carryback Loan	$578,947
Deferred Costs	$1,821,400
Tax Credit Equity	$1,983,017

Permanent Financing

Source	Amount
USDA 514	$2,350,000
Citibank - Tranche B	$4,459,444
Seller Carryback Loan	$578,947
Accrued Interest	$52,105
Operating Income	$210,459
Forgone Developer Fee	$250,000
Deferred Developer Fee	$61,968
Tax Credit Equity	$13,220,109
TOTAL	**$21,183,033**

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

Determination of Credit Amount(s)	
Requested Eligible Basis:	$19,641,753
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	$25,534,279
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	$827,311
Total State Credit:	$5,892,290
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,561,968
Investor/Consultant:	CREA, LLC
Federal Tax Credit Factor:	$0.97480
State Tax Credit Factor:	$0.87495

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:	$19,641,753
Actual Eligible Basis:	$19,641,753
Unadjusted Threshold Basis Limit:	$22,793,640
Total Adjusted Threshold Basis Limit:	$38,521,252

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: 23%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 46%

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

The current legal description is part of a larger site and the project site's parcel (legal description and APN) have not yet been finalized. The legal description and APN for the project must be completed prior to submitting the placed in service package.

The reservation of tax credits is contingent upon verification by USDA of the contract rent amounts within 180 days of the date of reservation.

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.