

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**April 14, 2020**

Frishman Hollow II, located at 11026 Rue Ivy in Truckee, requested and is being recommended for a reservation of \$1,152,349 in annual federal tax credits and \$5,810,000 in total state tax credits to finance the new construction of 67 units of housing serving large families with rents affordable to households earning 50%-80% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 1 and Assembly District 1.

The project financing includes state funding from MIP through CalHFA.

**Project Number** CA-20-548

**Project Name** Frishman Hollow II  
**Site Address:** 11026 Rue Ivy  
Truckee, CA 96161 County: Nevada  
**Census Tract:** 12.03

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$1,152,349	\$5,810,000
Recommended:	\$1,152,349	\$5,810,000

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

**Applicant Information**

**Applicant:** Central Valley Coalition for Affordable Housing,  
a California Nonprofit Public Benefit Corporation

**Contact:** Christina Alley  
**Address:** 3351 M Street, Suite 100  
Merced, CA 95348

**Phone:** 209.388.0782  
**Email:** chris@centralvalleycoalition.com

**General Partner(s) or Principal Owner(s):** TPC Holdings VII, LLC  
Central Valley Coalition for Affordable Housing

**General Partner Type:** Joint Venture

**Parent Company(ies):** The Pacific Companies  
Central Valley Coalition for Affordable Housing

**Developer:** Pacific West Communities, Inc.

**Investor/Consultant:** Boston Capital

**Management Agent:** Cambridge Real Estate Services

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 4  
 Total # of Units: 68  
 No. / % of Low Income Units: 67 100.00%  
 Federal Set-Aside Elected: 40%/60% Average Income  
 Federal Subsidy: Tax-Exempt

**Bond Information**

Issuer: California Housing Finance Agency (CalHFA)  
 Expected Date of Issuance: September 1, 2020

**Information**

Housing Type: Large Family  
 Geographic Area: N/A  
 TCAC Project Analyst: Jonghyun Shim

**55-Year Use / Affordability**

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 33	49%
60% AMI: 14	21%
70% AMI: 7	10%
80% AMI: 13	19%

**Unit Mix**

12 SRO/Studio Units  
 12 1-Bedroom Units  
 24 2-Bedroom Units  
 20 3-Bedroom Units  


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 68 Total Units

<b>Unit Type &amp; Number</b>	<b>2019 Rents Targeted % of Area Median Income</b>	<b>2019 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
6 SRO/Studio	50%	50%	\$697
3 SRO/Studio	60%	60%	\$837
1 SRO/Studio	70%	70%	\$976
2 SRO/Studio	80%	80%	\$1,116
6 1 Bedroom	50%	50%	\$747
3 1 Bedroom	60%	60%	\$897
1 1 Bedroom	70%	70%	\$1,046
2 1 Bedroom	80%	80%	\$1,196
12 2 Bedrooms	50%	50%	\$897
5 2 Bedrooms	60%	60%	\$1,077
2 2 Bedrooms	70%	70%	\$1,256
4 2 Bedrooms	80%	80%	\$1,436
9 3 Bedrooms	50%	50%	\$1,036
3 3 Bedrooms	60%	60%	\$1,243
3 3 Bedrooms	70%	70%	\$1,450
5 3 Bedrooms	80%	80%	\$1,658
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,360,000
Construction Costs	\$17,691,290
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,000,000
Soft Cost Contingency	\$600,000
Relocation	\$0
Architectural/Engineering	\$890,000
Const. Interest, Perm. Financing	\$1,816,980
Legal Fees	\$100,000
Reserves	\$614,662
Other Costs	\$2,108,904
Developer Fee	\$3,568,529
Commercial Costs	\$0
<b>Total</b>	<b>\$29,750,365</b>

**Residential**

Construction Cost Per Square Foot:	\$297
Per Unit Cost:	\$437,505
True Cash Per Unit Cost*:	\$421,792

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
California Bank & Trust - TE Loan	\$17,000,000	CalHFA - TE Loan	\$5,800,000
California Bank & Trust - Taxable	\$7,000,000	CalHFA - MIP Loan	\$4,388,000
Deferred Cost	\$614,662	Town of Truckee - Land Loan	\$1,360,000
Deferred Developer Fee	\$3,568,529	Martis Valley Fund - Housing Grant	\$2,000,000
Tax Credit Equity	\$1,567,174	Deferred Developer Fee	\$1,068,529
		Tax Credit Equity	\$15,133,836
		<b>TOTAL</b>	<b>\$29,750,365</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$27,358,725
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$35,566,343
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$1,152,349
Total State Credit:	\$5,810,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,568,529
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.89991
State Tax Credit Factor:	\$0.81992

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:	\$27,358,725
Actual Eligible Basis:	\$27,358,725
Unadjusted Threshold Basis Limit:	\$22,525,360
Total Adjusted Threshold Basis Limit:	\$38,375,468

**Adjustments to Basis Limit**

- Local Development Impact Fees
- Highest or High Resource Opportunity Area
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 54%

**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 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.

**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.