

# **CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

## **Project Staff Report**

### **Tax-Exempt Bond Project**

**April 14, 2020**

Mountain View Apartments, located at 210 and 220 Santa Clara Street in Fillmore, requested and is being recommended for a reservation of \$1,953,065 in annual federal tax credits to finance the new construction of 76 units of housing serving large families with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Many Mansions and will be located in Senate District 19 and Assembly District 37.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from HCD's MHP program.

<b>Project Number</b>	CA-20-483
<b>Project Name</b>	Mountain View Apartments
Site Address:	210 and 220 Santa Clara Street
	Fillmore, CA 93015 County: Ventura
Census Tract:	3.02

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,953,065	\$0
Recommended:	\$1,953,065	\$0

#### **Applicant Information**

Applicant:	Mountain View 77 LP
Contact:	Rick Schroeder
Address:	1259 E. Thousand Oaks Blvd
	Thousand Oaks, CA 91362
Phone:	805-496-4948
Email:	rick@manymansions.org

General Partner(s) or Principal Owner(s):	Mountain View 77 LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Many Mansions, a California non-profit corporation
	Area Housing Authority of the County of Ventura
Developer:	Many Mansions, a California non-profit corporation
Investor/Consultant:	California Housing Partnership
Management Agent:	Many Mansions, a California non-profit corporation

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 7  
 Total # of Units: 77  
 No. / % of Low Income Units: 76 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / CDBG /  
 HUD Section 8 Project-based Vouchers (76 Units - 100%)

**Bond Information**

Issuer: California Municipal Finance Authority  
 Expected Date of Issuance: September 18, 2020

**Information**

Housing Type: Large Family  
 Geographic Area: Central Coast Region  
 TCAC Project Analyst: Ruben Barcelo

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI: 54	71%
50% AMI: 22	29%

**Unit Mix**

37 1-Bedroom Units
21 2-Bedroom Units
19 3-Bedroom Units
<b>77 Total Units</b>

<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>
25 1 Bedroom	30%	30%	\$588
15 2 Bedrooms	30%	30%	\$706
14 3 Bedrooms	30%	30%	\$816
12 1 Bedroom	50%	50%	\$981
5 2 Bedrooms	50%	50%	\$1,177
5 3 Bedrooms	50%	50%	\$1,360
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$3,572,340
Construction Costs	\$29,047,030
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,776,181
Soft Cost Contingency	\$327,861
Relocation	\$201,174
Architectural/Engineering	\$1,570,598
Const. Interest, Perm. Financing	\$4,864,860
Legal Fees	\$60,000
Reserves	\$830,125
Other Costs	\$3,534,022
Developer Fee	\$5,515,264
Commercial Costs	\$0
<b>Total</b>	<b>\$52,299,455</b>

**Residential**

Construction Cost Per Square Foot:	\$336
Per Unit Cost:	\$679,214
True Cash Per Unit Cost*:	\$658,508

**Construction Financing**

Source	Amount
U.S. Bank	\$29,201,442
U.S. Bank Taxable Loan	\$14,663,225
Ventura County CDBG	\$1,037,200
Area Housing Authority Loan	\$500,000
Deferred Costs	\$1,538,122
Deferred Developer Fee	\$1,594,347
GP Capital Contribution	\$2,015,364
Tax Credit Equity	\$1,749,755

**Permanent Financing**

Source	Amount
U.S. Bank	\$11,131,000
HCD MHP	\$17,398,993
Ventura County CDBG	\$1,037,200
Area Housing Authority Loan	\$500,000
Deferred Developer Fee	\$1,594,347
GP Capital Contribution	\$2,015,364
Tax Credit Equity	\$18,622,551
<b>TOTAL</b>	<b>\$52,299,455</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$46,369,070
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$60,279,791
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$1,953,065
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,515,264
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.95350

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:	\$46,369,070
Actual Eligible Basis:	\$46,369,070
Unadjusted Threshold Basis Limit:	\$26,810,323
Total Adjusted Threshold Basis Limit:	\$81,281,013

#### **Adjustments to Basis Limit**

Required to Pay State or Federal Prevailing Wages or Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages.

Local Development Impact Fees.

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 29%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 146%

#### **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 estimated cost of the project is \$658,508 per unit. This relatively high cost is due to the cost of construction in the Ventura County region which is experiencing significant escalation in labor costs. Additional factors include a requirement to pay Federal Davis-Bacon wages, and significant on-site and off-site improvements that total over \$4.1 million.

**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.