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

Bay View Vista Apartments, located at 445 Redwood Street in Vallejo, requested and is being recommended for a reservation of $1,155,332 in annual federal tax credits to finance the acquisition and rehabilitation of 192 units of housing serving seniors with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Highridge Costa Housing Partners and is located in Senate District 3 and Assembly District 14.

Bay View Vista Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Bay View Vista Apartments (CA-2001-916). See **Resyndication and Resyndication Transfer Event** below for additional information.

Project Number CA-20-498

Project Name Bay View Vista Apartments
Site Address: 445 Redwood Street
Vallejo, CA 94590 County: Solano
Census Tract: 2518.02

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,155,332	$0
Recommended:	$1,155,332	$0

Applicant Information

Applicant:	Bay View Vallejo AR, L.P.
Contact:	Thomas Erickson
Address:	330 W. Victoria Street Gardena, CA 90248
Phone:	424-258-2918
Email:	thomas.erickson@housingpartners.com

General Partner(s) or Principal Owner(s):	Las Palmas Foundation HCHP Affordable Multi-Housing, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Las Palmas Housing and Development Corporation Highridge Costa Housing Partners, LLC
Developer:	Highridge Costa Housing Partners, LLC
Investor/Consultant:	Victoria Capital, LLC
Management Agent:	WinnResidential California L.P.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	1
Total # of Units:	194
No. / % of Low Income Units:	192 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt

Bond Information

Issuer:	Golden State Finance Authority
Expected Date of Issuance:	April 14, 2020

Information

Housing Type:	Seniors
Geographic Area:	Northern Region
TCAC Project Analyst:	Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	20	10%
60% AMI:	172	90%

Unit Mix

157 1-Bedroom Units
37 2-Bedroom Units
194 Total Units

Unit Type & Number		2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
17	1 Bedroom	50%	50%	$803
140	1 Bedroom	60%	60%	$964
3	2 Bedrooms	50%	50%	$965
32	2 Bedrooms	60%	60%	$1,158
2	2 Bedrooms	Manager’s Unit	Manager’s Unit	$2,316

Project Cost Summary at Application	
Land and Acquisition	$25,000,000
Construction Costs	$0
Rehabilitation Costs	$5,529,000
Construction Hard Cost Contingency	$267,050
Soft Cost Contingency	$0
Relocation	$0
Architectural/Engineering	$60,000
Const. Interest, Perm. Financing	$1,628,605
Legal Fees	$202,500
Reserves	$470,000
Other Costs	$168,552
Developer Fee	$3,983,044
Commercial Costs	$0
Total	**$37,308,750**

Residential	
Construction Cost Per Square Foot:	$50
Per Unit Cost:	$192,313
True Cash Per Unit Cost*:	$173,930

Construction Financing

Source	Amount
Align Finance Partners, LLC	$21,000,000
City of Vallejo Loan	$1,400,000
Seller Carryback Loan A	$9,174,289
Seller Carryback Loan B	$1,018,500
Deferred Costs	$2,219,083
Income from Operations	$867,859
Tax Credit Equity	$1,629,018

Permanent Financing

Source	Amount
Align Finance Partners, LLC	$19,596,000
City of Vallejo Loan	$1,400,000
Seller Carryback Loan A	$2,173,742
AGP Capital Contribution	$1,018,500
Income from Operations	$867,859
Deferred Developer Fee	$1,392,529
Tax Credit Equity	$10,860,120
TOTAL	**$37,308,750**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$7,249,631
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$26,237,440
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$9,424,520
Qualified Basis (Acquisition):	$26,237,440
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	$305,239
Maximum Annual Federal Credit, Acquisition:	$850,093
Total Maximum Annual Federal Credit:	$1,155,332
Approved Developer Fee (in Project Cost & Eligible Basis)	$3,983,044
Investor/Consultant:	Victoria Capital, LLC
Federal Tax Credit Factor:	$0.94000

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:	$33,487,071
Actual Eligible Basis:	$33,487,071
Unadjusted Threshold Basis Limit:	$68,198,424
Total Adjusted Threshold Basis Limit:	$75,018,266

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: 10%

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 applicant requested a waiver to reduce the 10% mobility feature requirement under TCAC Regulation Section 10325(f)(7)(K) to 5% due to excessive expense and undue financial burden. A waiver is granted for the additional 5% above building code; the project shall provide 5% of units (10 units) meeting the provisions of California Building Code Chapter 11(B) regarding mobility accessibility features. The applicant also requested, for all units, a waiver of some 11(B) requirements related to certain unit features due to structural constraints. TCAC does not have the authority to waive these requirements, if applicable (to relocate the toilet and sink, to reverse the bathtub and drain location in the bathrooms and to widen and interior hallway). The building official overseeing project compliance with building code will make a final determination regarding these 11(B) requirements for the project.

Resyndication and Resyndication Transfer Event
Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-2001-916). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s). Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreement (CA-2001-916) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on TCAC staff’s review of the commitment in the application. The services documented in the placed in service package will be reviewed by TCAC staff for compliance with this requirement at the time of the placed in service

The project is a resyndication occurring concurrently with a Transfer Event with distribution of Net Project Equity. The rehabilitation scope of work shall include all of the Short Term Work in the amount of $1,011,043. There is a general partner equity contribution of at least $1,011,043, allowing the applicant to receive eligible basis for the entire Short Term Work amount.

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.