

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

Pine View Apartments, located at 1101 Alturas Road in Fallbrook, requested and is being recommended for a reservation of \$803,744 in annual federal tax credits to finance the acquisition and rehabilitation of 100 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Lincoln Avenue Capital LLC and is located in Senate District 38 and Assembly District 75.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number CA-20-566

Project Name Pine View Apartments
Site Address: 1101 Alturas Rd.
Fallbrook, CA 92028 County: San Diego
Census Tract: 189.05

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$803,744	\$0
Recommended:	\$803,744	\$0

Applicant Information

Applicant: Pine View Preservation LP
Contact: Andrew Cribbs
Address: 201 Santa Monica Blvd, Suite 550
Santa Monica, CA 90401
Phone: (424) 222-8235
Email: acribbs@lincolnavcap.com

General Partner(s) or Principal Owner(s): Lincoln Pine View GP LLC
AOF Pacific CA LAC LLC

General Partner Type: Joint Venture
Parent Company(ies): LACM Advisors LLC
AOF/Pacific Affordable Housing Corp.

Developer: Lincoln Avenue Capital LLC
Investor/Consultant: Redstone Equity Manager, LLC, or its designee
Management Agent: McCormack Baron Management, Inc.

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 11
Total # of Units: 101
No. / % of Low Income Units: 100 100.00%
Federal Set-Aside Elected: 40%/60% Average Income
Federal Subsidy: Tax-Exempt / HUD Section 8 Contract (25% / 25 Units)

Bond Information

Issuer: California Statewide Communities Development Authority
Expected Date of Issuance: September 14, 2020

Information

Housing Type: Large Family
Geographic Area: San Diego County
TCAC Project Analyst: Jack Waegell

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 6	6%
40% AMI: 17	17%
50% AMI: 2	2%
60% AMI: 44	44%
70% AMI: 28	28%
80% AMI: 3	3%

Unit Mix

24 1-Bedroom Units

76 2-Bedroom Units

1 3-Bedroom Units

101 Total Units

Unit Type & Number	2019 Rents Targeted % of Area Median Income	2019 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
1 1 Bedroom	30%	30%	\$601
6 1 Bedroom	40%	40%	\$802
2 1 Bedroom	50%	50%	\$1,003
7 1 Bedroom	60%	54%	\$1,087
1 1 Bedroom	60%	54%	\$1,087
6 1 Bedroom	60%	54%	\$1,087
1 1 Bedroom	80%	54%	\$1,087
5 2 Bedrooms	30%	30%	\$722
11 2 Bedrooms	40%	40%	\$963
8 2 Bedrooms	60%	54%	\$1,297
1 2 Bedrooms	60%	54%	\$1,297
2 2 Bedrooms	60%	54%	\$1,297
2 2 Bedrooms	60%	54%	\$1,297
1 2 Bedrooms	60%	54%	\$1,297
1 2 Bedrooms	60%	54%	\$1,297
11 2 Bedrooms	60%	54%	\$1,297
4 2 Bedrooms	60%	54%	\$1,297
1 2 Bedrooms	70%	54%	\$1,297
1 2 Bedrooms	70%	54%	\$1,297
26 2 Bedrooms	70%	54%	\$1,297
2 2 Bedrooms	80%	54%	\$1,297
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,500

Project Cost Summary at Application

Land and Acquisition	\$16,000,000
Construction Costs	\$0
Rehabilitation Costs	\$5,035,067
Construction Hard Cost Contingency	\$498,521
Soft Cost Contingency	\$50,000
Relocation	\$65,000
Architectural/Engineering	\$250,000
Const. Interest, Perm. Financing	\$542,165
Legal Fees	\$0
Reserves	\$824,292
Other Costs	\$292,726
Developer Fee	\$2,707,189
Commercial Costs	\$0
Total	\$26,264,960

Residential

Construction Cost Per Square Foot:	\$54
Per Unit Cost:	\$260,049
True Cash Per Unit Cost*:	\$243,852

Construction Financing

<u>Source</u>	<u>Amount</u>
Citibank, N.A. - Tax Exempt	\$13,196,168
Citibank, N.A. - Taxable	\$3,395,445
Reserves to be funded at conversion	\$824,292
Deferred Developer Fee	\$2,707,189
Tax Credit Equity	\$6,141,866

Permanent Financing

<u>Source</u>	<u>Amount</u>
Citibank, N.A. - Tax Exempt	\$13,196,168
Citibank, N.A. - Taxable	\$3,395,445
Deferred Developer Fee	\$1,635,907
Tax Credit Equity	\$8,037,440
TOTAL	\$26,264,960

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$6,821,591
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$15,938,854
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$8,868,068
Qualified Basis (Acquisition):	\$15,938,854
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	\$287,325
Maximum Annual Federal Credit, Acquisition:	\$516,419
Total Maximum Annual Federal Credit:	\$803,744
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,707,189
Investor/Consultant:	Redstone Equity Manager, LLC, or its designee
Federal Tax Credit Factor:	\$1.00000

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:	\$22,760,445
Actual Eligible Basis:	\$22,760,445
Unadjusted Threshold Basis Limit:	\$34,594,656
Total Adjusted Threshold Basis Limit:	\$44,547,814

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: 18%
55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 11%

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: 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.