

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

Las Terrazas Apartments, located at 1176 W. Valley Boulevard in Colton, requested and is being recommended for a reservation of \$1,653,407 in annual federal tax credits and \$8,504,241 in total state tax credits to finance the new construction of 111 units of housing serving large families with rents affordable to households earning 30%-80% AMI of area median income (AMI). The project will be developed by AMCAL Multi-Housing, Inc. and will be located in Senate District 20 and Assembly District 47.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the NPLH through CalHFA.

Project Number CA-20-580

Project Name Las Terrazas Apartments
Site Address: 1176 W. Valley Boulevard
Colton, CA 92324 County: San Bernardino
Census Tract: 66.01

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,653,407	\$8,504,241
Recommended:	\$1,653,407	\$8,504,241

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

Applicant Information

Applicant: AMCAL Las Terrazas Fund, LP
Contact: Arjun Nagarkatti
Address: 30141 Agoura Road
Agoura Hills, CA 91301
Phone: 818-706-0694
Email: arjun@amcalhousing.com

General Partner(s) or Principal Owner(s): AMCAL Multi-Housing Inc.
Las Palmas Foundation
General Partner Type: Joint Venture
Parent Company(ies): AMCAL Multi-Housing Inc.
Las Palmas Foundation
Developer: AMCAL Multi-Housing, Inc.
Investor/Consultant: Hudson Capital
Management Agent: FPI Management Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 5
 Total # of Units: 112
 No. / % of Low Income Units: 111 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (9 units - 8%) / HOME / NSP
 Utility Allowance: CUAC

Bond Information

Issuer: CMFA
 Expected Date of Issuance: October 1, 2020

Information

Housing Type: Large Family
 Geographic Area: Inland Empire Region
 TCAC Project Analyst: Sara Dixon

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 30	27%
50% AMI: 24	22%
80% AMI: 57	51%

Unit Mix

39 1-Bedroom Units
 40 2-Bedroom Units
 33 3-Bedroom Units

 112 Total Units

<u>Unit Type & Number</u>	<u>2019 Rents Targeted % of Area Median Income</u>	<u>2019 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
21 1 Bedroom	20%	20%	\$269
9 1 Bedroom	20%	20%	\$269
9 1 Bedroom	50%	50%	\$673
11 2 Bedrooms	50%	50%	\$808
28 2 Bedrooms	80%	80%	\$1,294
4 3 Bedrooms	50%	50%	\$933
29 3 Bedrooms	80%	80%	\$1,494
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,340,270
Construction Costs	\$26,296,205
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,561,359
Soft Cost Contingency	\$746,736
Relocation	\$0
Architectural/Engineering	\$1,505,900
Const. Interest, Perm. Financing	\$3,389,908
Legal Fees	\$145,000
Reserves	\$536,794
Other Costs	\$3,393,790
Developer Fee	\$2,000,000
Commercial Costs	\$0
Total	\$43,915,962

Residential

Construction Cost Per Square Foot:	\$239
Per Unit Cost:	\$392,107
True Cash Per Unit Cost*:	\$392,107

Construction Financing**Permanent Financing**

<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Construction Loan - TE Bonds	\$24,037,673	Union Bank - Perm Loan	\$4,588,855
Taxable Tail - Construction Loan	\$1,800,000	Union Bank	\$1,121,064
Capitalized Land Lease	\$2,450,000	Capitalized Land Lease	\$2,450,000
County of San Bernardino - NSP	\$850,000	County of San Bernardino - NSP	\$1,373,602
County of San Bernardino - IVDA	\$592,000	County of San Bernardino - IVDA	\$592,000
San Bernardino County - HOME	\$8,358,000	San Bernardino County - HOME	\$8,358,000
Deferred Developer Fee	\$1,260,000	NPLH Uncompetitive NOFA	\$2,591,000
Tax Credit Equity	\$4,568,288	Tax Credit Equity	\$22,841,441
		TOTAL	\$43,915,962

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$39,254,667
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$51,031,067
Applicable Rate:	3.24%
Total Maximum Annual Federal Credit:	\$1,653,407
Total State Credit:	\$8,504,241
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,000,000
Investor/Consultant:	Hudson Capital
Federal Tax Credit Factor:	\$0.97000
State Tax Credit Factor:	\$0.80000

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:	\$39,254,667
Actual Eligible Basis:	\$39,254,667
Unadjusted Threshold Basis Limit:	\$41,612,195
Total Adjusted Threshold Basis Limit:	\$83,755,389

Adjustments to Basis Limit

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

Day Care Center

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: 21%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 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 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 has requested the use of a CUAC utility allowance. TCAC staff is in the process of reviewing the CUAC documentation for this existing project. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

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.