

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

April 14, 2020

One Lake Family Apartments, located at the northwest corner of Vanden Road and One Lake Drive in Fairfield, requested and is being recommended for a reservation of \$2,993,244 in annual federal tax credits and \$13,300,000 in total state tax credits to finance the new construction of 188 units of housing serving large families with rents affordable to households earning 50%-70% AMI of area median income (AMI). The project will be developed by Meta Housing Corporation and will be located in Senate District 3 and Assembly District 11.

The project financing includes state funding from the MIP through CalHFA.

Project Number CA-20-538

Project Name One Lake Family Apartments
Site Address: Northwest corner of Vanden Road and One Lake Drive
Fairfield, CA 94533 County: Solano
Census Tract: 2523.17

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,993,244	\$13,300,000
Recommended:	\$2,993,244	\$13,300,000

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

Applicant Information

Applicant: One Lake Meta, L.P.
Contact: Chris Maffris
Address: 11150 West Olympic Blvd, Suite 620
Los Angeles, CA 90064
Phone: 310-575-3543
Email: cmaffris@metahousing.com

General Partner(s) or Principal Owner(s): One Lake Meta, LLC
FFAH V One Lake, LLC
General Partner Type: Joint Venture
Parent Company(ies): Meta Housing Corporation
Foundation for Affordable Housing
Developer: Meta Housing Corporation
Investor/Consultant: Red Stone Equity Partners
Management Agent: WSH Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 190
 No. / % of Low Income Units: 188 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Bond Information

Issuer: California Housing Finance Agency
 Expected Date of Issuance: September 14, 2020

Information

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

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 94	50%
70% AMI: 94	50%

Unit Mix

22 1-Bedroom Units
 78 2-Bedroom Units
 90 3-Bedroom Units

 190 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>
10 1 Bedroom	50%	50%	\$803
12 1 Bedroom	70%	70%	\$1,125
40 2 Bedrooms	50%	50%	\$965
36 2 Bedrooms	70%	70%	\$1,351
44 3 Bedrooms	50%	50%	\$1,114
46 3 Bedrooms	70%	70%	\$1,560
2 2 Bedrooms	Manager's Unit	Manager's Unit	\$3,860

Project Cost Summary at Application

Land and Acquisition	\$5,923,620
Construction Costs	\$46,550,000
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$4,690,000
Soft Cost Contingency	\$450,000
Relocation	\$0
Architectural/Engineering	\$2,142,900
Const. Interest, Perm. Financing	\$5,265,577
Legal Fees	\$325,000
Reserves	\$584,820
Other Costs	\$5,646,865
Developer Fee	\$8,452,620
Commercial Costs	\$0
Total	\$80,031,402

Residential

Construction Cost Per Square Foot:	\$179
Per Unit Cost:	\$421,218
True Cash Per Unit Cost*:	\$394,520

Construction Financing

Source	Amount
Chase - Tax-Exempt	\$45,500,000
Chase - Taxable	\$17,400,000
Deferred Developer Fee	\$9,333,846
Tax Credit Equity	\$7,797,556

Permanent Financing

Source	Amount
CalHFA - Tax-Exempt	\$21,716,000
CalHFA - MIP	\$14,255,000
Deferred Developer Fee	\$5,072,620
Tax Credit Equity	\$38,987,782
TOTAL	\$80,031,402

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$71,064,672
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$92,384,073
Applicable Rate:	3.24%
Maximum Annual Federal Credit:	\$2,993,244
Total State Credit:	\$13,300,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$8,452,620
Investor/Consultant:	Red Stone Equity Partners
Federal Tax Credit Factor:	\$0.94706
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:	\$71,064,672
Actual Eligible Basis:	\$71,064,672
Unadjusted Threshold Basis Limit:	\$86,266,704
Total Adjusted Threshold Basis Limit:	\$138,026,726

Adjustments to Basis Limit

95% of Upper Floor Units are Elevator-Serviced

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

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.