CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 16, 2020

Foothill Villas, located at 2601-2675 W. 2nd Street in San Bernardino, requested and is being recommended for a reservation of $3,022,197 in annual federal tax credits to finance the acquisition and rehabilitation of 237 units of housing serving large families with rents affordable to households earning 50% - 60% of area median income (AMI). The project will be developed by Standard Property Company, Inc. and is 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.

Project Number CA-20-623

Project Name Foothill Villas
Site Address: 2601-2675 W. 2nd Street
San Bernardino, CA 92401 County: San Bernardino
Census Tract: 44.04

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$3,022,197	$0
Recommended:	$3,022,197	$0

Applicant Information

Applicant:	Standard Foothill Venture LP
Contact:	Keith Dragoon
Address:	1901 Avenue of the Stars, Suite 395 Los Angeles, CA 90067
Phone:	(310)553-5711
Email:	kdragoon@standard-companies.com

General Partner(s) or Principal Owner(s):	Standard Foothill Manager LP Housing on Merit XV LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Standard Communities Housing on Merit
Developer:	Standard Property Company, Inc.
Investor/Consultant:	Candeur Group
Management Agent:	Apartment Management Consultants, L.L.C.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	37
Total # of Units:	239
No. / % of Low Income Units:	237 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Contract (239 Units - 100%)

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	January 4, 2021

Information

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

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
50% AMI:	70	30%
60% AMI:	167	70%

Unit Mix

79	1-Bedroom Units
83	2-Bedroom Units
77	3-Bedroom Units
239	Total Units

Unit Type & Number		2020 Rents Targeted % of Area Median Income	2020 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
24	1 Bedroom	50%	50%	$706
55	1 Bedroom	60%	60%	$848
24	2 Bedrooms	50%	50%	$847
58	2 Bedrooms	60%	60%	$1,017
22	3 Bedrooms	50%	50%	$979
54	3 Bedrooms	60%	60%	$1,175
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$1,615
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$1,765

Project Cost Summary at Application	
Land and Acquisition	$58,000,000
Construction Costs	$0
Rehabilitation Costs	$15,217,745
Construction Hard Cost Contingency	$1,395,162
Soft Cost Contingency	$0
Relocation	$239,000
Architectural/Engineering	$976,613
Const. Interest, Perm. Financing	$4,025,541
Legal Fees	$450,000
Reserves	$1,001,796
Other Costs	$364,215
Developer Fee	$10,236,004
Commercial Costs	$0
Total	**$91,906,076**

Residential	
Construction Cost Per Square Foot:	$75
Per Unit Cost:	$384,544
True Cash Per Unit Cost*:	$353,355

Construction Financing

Source	Amount
Citibank - Tax Exempt	$46,665,000
Citibank - Taxable	$12,026,000
Developer Equity	$10,236,004
Tax Credit Equity	$22,979,072

Permanent Financing

Source	Amount
Citibank - Tax Exempt	$46,665,000
Citibank - Taxable	$12,026,000
Developer Equity	$7,454,327
Solar Tax Credit Equity	$71,958
Tax Credit Equity	$25,688,791
TOTAL	**$91,906,076**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$24,217,237
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$61,805,040
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$31,482,408
Qualified Basis (Acquisition):	$61,805,040
Applicable Rate:	3.24%
Maximum Annual Federal Credit, Rehabilitation:	$1,019,714
Maximum Annual Federal Credit, Acquisition:	$2,002,483
Total Maximum Annual Federal Credit:	$3,022,197
Approved Developer Fee (in Project Cost & Eligible Basi	$10,236,004
Investor/Consultant:	Candeur Group
Federal Tax Credit Factor:	$0.85000

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:	$86,022,277
Actual Eligible Basis:	$86,022,277
Unadjusted Threshold Basis Limit:	$89,728,939
Total Adjusted Threshold Basis Limit:	$115,750,331

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: 29%

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:
At place-in-service, any units not occupied by income-qualified tenants will be not considered tax credit units and the applicable fraction will be adjusted accordingly. The recorded TCAC regulatory agreement will also require that upon turnover the unit(s) must be occupied by income-qualified tenants.

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.