

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2020 Second Round**

**October 14, 2020**

Oroville Heights Apartments, located at 1409 and 1451 Oro Dam Blvd. West in Oroville, requested and is being recommended for a reservation of \$2,114,640 in annual federal tax credits to finance the new construction of 65 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Willow Partners, LLC and will be located in Senate District 4 and Assembly District 3.

**Project Number** CA-20-079

**Project Name** Oroville Heights Apartments  
**Site Address:** 1409 and 1451 Oro Dam Blvd. West  
Oroville, CA 95965 County: Butte  
**Census Tract:** 37.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual *</b>	<b>State/Total</b>
Requested:	\$2,114,640	\$0
Recommended:	\$2,114,640	\$0

\* Further Consolidated Appropriations Act, 2020 (FCAA) Credits

**Applicant Information**

**Applicant:** WP Oroville Heights Apartments LP  
**Contact:** Amelia Ross  
**Address:** 310 North Westlake Blvd., # 210  
Westlake Village, CA 91362  
**Phone:** (805) 379-8555  
**Email:** aross@willowpartners.com

**General Partner(s) / Principal Owner(s):** Central Valley Coalition for Affordable Housing  
WP Oroville Heights LLC

**General Partner Type:** Joint Venture

**Parent Company(ies):** Central Valley Coalition for Affordable Housing  
Willow Partners, LLC

**Developer:** Willow Partners, LLC

**Investor/Consultant:** City Real Estate Advisors, LLC

**Management Agent(s):** Buckingham Property Management

**Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 2  
**Total # of Units:** 66  
**Total # of Tax Credit Units:** 66  
**No. & % of Low Income Units:** 65 100%  
**Federal Set-Aside Elected:** 40%/60%  
**Federal Subsidy:** N/A

**Information**

**County Allocation:** Butte  
**Housing Type:** Large Family  
**TCAC Project Analyst:** Tiffani Negrete

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 30% AMI:	7 10%
At or Below 45% AMI:	13 20%
At or Below 50% AMI:	27 40%
At or Below 60% AMI:	18 25%

**Unit Mix**

41 2-Bedroom Units
25 3-Bedroom Units
<b>66 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2020 Rents Targeted % of Area Median Income</b>	<b>2020 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
3 2 Bedrooms	30%	30%	\$477
13 2 Bedrooms	45%	45%	\$716
25 2 Bedrooms	50%	50%	\$796
4 3 Bedrooms	30%	30%	\$551
2 3 Bedrooms	50%	50%	\$919
18 3 Bedrooms	60%	60%	\$1,103
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$910

**Project Cost Summary at Application**

Land and Acquisition	\$1,190,500
Construction Costs	\$14,161,000
Rehabilitation Costs	\$0
Construction Contingency	\$831,000
Relocation	\$0
Architectural/Engineering	\$825,000
Const. Interest, Perm. Financing	\$1,321,845
Legal Fees	\$175,000
Reserves	\$273,343
Other Costs	\$2,744,324
Developer Fee	\$2,200,000
Commercial Costs	\$0
<b>Total</b>	<b>\$23,722,012</b>

**Residential**

Construction Cost Per Square Foot:	\$197
Per Unit Cost:	\$359,424
True Cash Per Unit Cost*:	\$351,203

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<b>Source</b>	<b>Amount</b>	<b>Source</b>	<b>Amount</b>
Citibank, N.A.	\$13,000,000	Bonneville Multifamily Capital	\$3,150,000
Deferred Developer Fee	\$1,000,000	Deferred Developer Fee	\$542,619
Tax Credit Equity	\$9,722,012	Solar Tax Credit Equity	\$163,107
		Tax Credit Equity	\$19,866,286
		<b>TOTAL</b>	<b>\$23,722,012</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

### Determination of Credit Amount(s)

Requested Eligible Basis:	\$18,073,846
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$23,496,000
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,114,640
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	City Real Estate Advisors, LLC
Federal Tax Credit Factor:	\$0.93946

The “as if vacant” land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. 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:	\$18,073,846
Actual Eligible Basis:	\$21,306,773
Unadjusted Threshold Basis Limit:	\$24,236,000
Total Adjusted Threshold Basis Limit:	\$26,391,598

### Adjustments to Basis Limit

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Project has onsite renewable generation estimated to produce 75% or more of annual common area electricity use as indicated in TCAC Regulations.
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms (where no VOC adhesives or backing is used)
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all interior floor space other than units (where no VOC adhesives or backing is also used)

Local Development Impact Fees

### Tie-Breaker Information

First:	<b>Letter of Support</b>
Second:	<b>\$32,040.00</b>

### 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 9.0% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.24%. 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 current legal description is part of a larger site and the project site’s parcels (legal description and APNs) have not yet been finalized. The legal description and APNs for the project must be completed prior to submitting the placed in service package.

**Legal Status**

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**Local Reviewing Agency**

The Local Reviewing Agency, Butte County, has completed a site review of this project and strongly supports this project.

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Total Points</b>	<b>81</b>	<b>81</b>	<b>81</b>

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**