

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**March 21, 2012**

**Project Number** CA-2012-817

**Project Name** Harvest Park  
 Site Address: South side of East Avenue between Cussick and Esplanade  
 Chico, CA 95926 County: Butte  
 Census Tract: 4.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$582,700	\$0
Recommended:	\$582,700	\$0

**Applicant Information**

Applicant: Chico Harvest Park, L.P.  
 Contact: Laurie Doyle  
 Address: 3128 Willow Avenue, Suite 101  
 Clovis CA 93612  
 Phone: (559) 292-9212 Fax: (559) 292-3376  
 Email: ldoyle@ahdcinc.com

General partner(s) or principal owner(s): Butte County Affordable Housing Development Corp.  
 Chico Harvest Park, LLC  
 General Partner Type: Joint Venture  
 Developer: Central California Housing Corp.  
 Investor/Consultant: R4 Capital Inc.  
 Management Agent: Winn Residential

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 8  
 Total # of Units: 90  
 No. & % of Tax Credit Units: 89 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt  
 HCD MHP Funding: No  
 55-Year Use/Affordability: Yes  
 Number of Units @ or below 35% of area median income: 9  
 Number of Units @ or below 50% of area median income: 15  
 Number of Units @ or below 60% of area median income: 65

**Bond Information**

Issuer: Wells Fargo Bank  
 Expected Date of Issuance: June 1, 2012  
 Credit Enhancement: Wells Fargo Bank and Freddie Mac

**Information**

Housing Type: Large Family  
 Geographic Area: Capital and Northern Region  
 TCAC Project Analyst: Nicola Hil

**Unit Mix**

12 1-Bedroom Units  
 40 2-Bedroom Units  
 26 3-Bedroom Units  
 12 4-Bedroom Units  


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 90 Total Units

<u>Unit Type &amp; Number</u>	<u>2012 Rents Targeted % of Area Median Income</u>	<u>2012 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 1 Bedroom	30%	30%	\$326
1 1 Bedroom	50%	49%	\$543
5 1 Bedroom	60%	59%	\$652
3 2 Bedrooms	30%	30%	\$391
8 2 Bedrooms	50%	49%	\$652
29 2 Bedrooms	60%	59%	\$783
4 3 Bedrooms	50%	49%	\$753
21 3 Bedrooms	60%	59%	\$903
2 4 Bedrooms	50%	49%	\$840
10 4 Bedrooms	60%	59%	\$1,008
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$20,506,359      Construction Cost Per Square Foot: \$108  
 Per Unit Cost: \$227,848

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Wells Fargo	\$11,003,333	Wells Fargo	\$4,264,496
Housing Authority of County of Butte	\$600,000	Housing Authority of County of Butte	\$600,000
Chico Redevelopment Agency	\$5,301,642	Chico Redevelopment Agency	\$8,800,000
Deferred Developer Fee	\$1,875,138	Deferred Developer Fee	\$1,131,403
Tax Credit Equity	\$1,726,246	Tax Credit Equity	\$5,710,460
		<b>TOTAL</b>	<b>\$20,506,359</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$18,209,389
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$18,209,389
Applicable Rate:	3.20%
Total Maximum Annual Federal Credit:	\$582,700
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,375,138
Investor/Consultant:	R4 Capital Inc.
Federal Tax Credit Factor:	\$0.98000

Per Regulation Section 10322(i)(4)(A), 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, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$18,209,389
Actual Eligible Basis:	\$18,209,389
Unadjusted Threshold Basis Limit:	\$21,673,440
Total Adjusted Threshold Basis Limit:	\$31,027,273

**Adjustments to Basis Limit:**

Local Development Impact Fees

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 16%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 20%

**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 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 3.20% 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.

**Special Issues/Other Significant Information:** None

**Local Reviewing Agency:**

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

**Recommendation:** Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

**Federal Tax Credits/Annual**  
**\$582,700**

**State Tax Credits/Total**  
**\$0**

**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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

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 an 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 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.

**Additional Conditions:** The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

The project commits to A. Green Point Rated Multifamily Guidelines, B. 17.5% better than the current standards, C. Green Point Rated 100.