

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**Tax-Exempt Bond Project**

**October 10, 2012**

**REVISED**

**Project Number** CA-12-876

**Project Name** Ivy at College Park Family Apartments  
Site Address: Corner of Edison Avenue and Oaks Avenue  
Chino, CA 91710 County: San Bernardino  
Census Tract: 122.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,202,839	\$0
Recommended:	\$1,202,839	\$0

**Applicant Information**

Applicant: BRIDGE Housing Corporation  
Contact: Iman Novin  
Address: 19200 Von Karman Ave, Suite 600  
Irvine, CA 92612  
Phone: (949) 622-5510 Fax: (949) 622-5511  
Email: inovin@bridgehousing.com

General partner(s) or principal owner(s): BRIDGE SC, LLC  
General Partner Type: Nonprofit  
Developer: BRIDGE Housing Corporation  
Consultant: Community Economics  
Management Agent: BRIDGE Property Management Corporation

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 10  
Total # of Units: 135  
No. & % of Tax Credit Units: 133 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax-Exempt  
HCD MHP Funding: Yes  
Utility Allowance: CUAC  
55-Year Use/Affordability: Yes  
Number of Units @ or below 50% of area median income: 64  
Number of Units @ or below 60% of area median income: 69

**Bond Information**

Issuer: California Municipal Finance Authority  
 Expected Date of Issuance: December 1, 2012  
 Credit Enhancement: N/A

**Information**

Housing Type: Large Family  
 Geographic Area: Inland Empire Region  
 TCAC Project Analyst: DC Navarrette

**Unit Mix**

25 1-Bedroom Units  
 55 2-Bedroom Units  
 55 3-Bedroom Units  
 135 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>
12 1 Bedroom	50%	40%	\$502
13 1 Bedroom	60%	50%	\$628
26 2 Bedrooms	50%	40%	\$603
29 2 Bedrooms	60%	50%	\$753
26 3 Bedrooms	50%	40%	\$697
27 3 Bedrooms	60%	45%	\$784
2 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$34,556,243  
 Estimated Residential Project Cost: \$34,556,243

**Residential**

Construction Cost Per Square Foot: \$115  
 Per Unit Cost: \$255,972

**Construction Financing**

<u>Source</u>	<u>Amount</u>
Wells Fargo	\$21,508,710
City of Chino RDA	\$7,200,000
Land Donation	\$1,775,000
Tax Credit Equity	\$2,000,000

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
CCRC	\$3,672,000
HCD - MHP	\$8,002,290
City of Chino RDA	\$7,200,000
Land Donation	\$1,775,000
Photovoltaic Credit Equity	\$200,635
General Partner Equity	\$1,100,000
Tax Credit Equity	\$12,606,318
<b>TOTAL</b>	<b>\$34,556,243</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$28,914,398
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$37,588,718
Applicable Rate:	3.20%
Maximum Annual Federal Credit:	\$1,202,839
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,300,000
Consultant:	Community Economics
Federal Tax Credit Factor:	\$1.04805

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:	\$28,914,398
Actual Eligible Basis:	\$28,914,398
Unadjusted Threshold Basis Limit:	\$31,329,210
Total Adjusted Threshold Basis Limit:	\$46,367,231

**Adjustments to Basis Limit:**

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 48%

**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 are below 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. See Special Issues/Other Significant Information for clarification. 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:** Operating expenses are slightly below the minimum threshold established in TCAC regulation section 10327(g)(1). The developer is advised they must meet the operating expense minimums set forth in section 10327(g)(1) by placed in service.

The applicant requested and was granted a waiver to use fiberglass faced doors in replacement of the requirements described in TCAC regulation section 10325(f)(7)(e).

**Local Reviewing Agency:**

The Local Reviewing Agency, the City of Chino, 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$1,202,839</b>	<b>\$0</b>

**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 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.

**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 becoming certified under the following program:  
GreenPoint Rated Multifamily Guidelines.
- The project commits to build the development to the requirements of GreenPoint Rated 100