

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2013 First Round

June 12, 2013

Project Number CA-13-834

Project Name Crosswood Apartments
Site Address: 646 3rd Street
Woodland, CA 95695 County: Yolo
Census Tract: 111.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$216,129	\$878,025
Recommended:	\$216,219	\$878,025

Applicant Information

Applicant: New Hope Community Development Corporation (NHCDC)
Yolo County Housing (YCH)

Contact: Lisa Baker
Address: 147 W Main Street
Woodland, CA 95695

Phone: 530-662-5421 Fax: 530-669-2241
Email: lbaker@ycha.org

General partner(s) or principal owner(s): Yolo County Housing
New Hope Community Development Corporation

General Partner Type: Nonprofit
Developer: YCH and NHCDC
Investor/Consultant: Fred Consulting Associates
Management Agent: FPI Management Inc.

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 3
Total # of Units: 48
No. & % of Tax Credit Units: 47 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
HUD Section 8 Project-Based Vouchers (44 units - 94%)

Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	5	10 %
45% AMI:	12	25 %
50% AMI:	19	40 %

Affordability Breakdown by % (Basis Limit Increase):

Number of Units @ or below 35% of area median income: 5
Number of Units @ or below 50% of area median income: 31
Number of Units @ or below 60% of area median income: 11

Bond Information

Issuer: California Affordable Housing Agency
 Expected Date of Issuance: 08/15/13
 Credit Enhancement: CBRE HMF, Inc. - HUD/FHA 223(f) Insurance

Information

Housing Type: At-Risk
 Geographic Area: Capital and Northern Region
 TCAC Project Analyst: Nicola Hil

Unit Mix

17 1-Bedroom Units
 31 2-Bedroom Units

 48 Total Units

<u>Unit Type & Number</u>	<u>2013 Rents Targeted % of Area Median Income</u>	<u>2013 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	30%	30%	\$421
4 1 Bedroom	45%	45%	\$632
7 1 Bedroom	50%	50%	\$703
1 1 Bedroom	60%	52%	\$726
1 1 Bedroom	60%	52%	\$726
2 1 Bedroom	60%	56%	\$792
3 2 Bedrooms	30%	30%	\$506
8 2 Bedrooms	45%	45%	\$759
12 2 Bedrooms	50%	50%	\$843
1 2 Bedrooms	60%	47%	\$784
6 2 Bedrooms	60%	53%	\$894
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$7,221,501 Construction Cost Per Square Foot: \$55
 Per Unit Cost: \$150,448

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
CBRE (FHA 223f loan)	\$3,800,000	CBRE (FHA 223f loan)	\$3,800,000
Yolo County Housing - Bridge Loan	\$330,000	Yolo County Housing	\$150,000
Yolo County Housing	\$150,000	Deferred Developer Fee	\$756,495
California Affordable Housing Agency	\$434,775	Tax Credit Equity	\$2,515,006
Post Construction Sources	\$1,006,726	TOTAL	\$7,221,501
Tax Credit Equity	\$1,500,000		

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$3,476,541
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$3,277,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$3,476,541
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	\$3,277,500
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$111,249
Maximum Annual Federal Credit, Acquisition:	\$104,880
Total Maximum Annual Federal Credit:	\$216,129
Total State Credit:	\$878,025
Approved Developer Fee (in Project Cost & Eligible Basis):	\$880,962
Investor/Consultant:	Fred Consulting Associates
Federal Tax Credit Factor:	\$0.91991
State Tax Credit Factor:	\$0.60000

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:	\$6,754,041
Actual Eligible Basis:	\$6,754,041
Unadjusted Threshold Basis Limit:	\$12,157,066
Total Adjusted Threshold Basis Limit:	\$22,490,572

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: 65%

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

Tie-Breaker Information

Final: N/A

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; see special issues section below. 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:

Project operating expenses are below the TCAC minimum operating expenses established in the Regulations. TCAC staff has determined that the project meets TCAC underwriting requirements at the higher operating expense levels. Project must have operating expenses of at least \$4,300 per unit by the placed in service submission.

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, City of Woodland, 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	State Tax Credits/Total
\$216,219	\$878,025

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.

The applicant must submit all documentation required for any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation.

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 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.

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 ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. 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.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	7	5
Within ½ mile of public park or community center open to general public	2	2	2
Within ½ mile of public library	2	2	2
Within ¼ mile of a public elementary school; ½ mile of middle school	2	2	0
Within ½ mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 1,000 bedrooms	3	3	3
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	7	7	7
Sustainable Building Methods	10	10	10
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 25%	7	7	7
Additional rehab measures: Sustainable Building Mgmt Practices	3	3	3
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	10
Total Points	126	118	106

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

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