

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
August 21, 2013**

Project Number CA-13-856

Project Name Westside Village
Site Address: 550-598 Santa Maria Way, 304-478 Arroyo Seco Avenue
310-479 Mesa Verde Avenue, 324-480 Tulare Avenue,
503-595 Vera Cruz Way
Shafter, CA 93263 County: Kern
Census Tract: 40.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$193,787	\$0
Recommended:	\$193,787	\$0

Applicant Information

Applicant: Westside Shafter AR, L.P.
Contact: Graham Espley-Jones
Address: 151 Kalmus Drive, Suite J-5
Costa Mesa CA 92626
Phone: (714) 549-4100 Fax: (714) 549-4600
Email: graham@wchousing.org

General Partner(s) or Principal Owner(s): Western Community Housing, Inc.
HCHP Affordable Multi-Family, LLC
General Partner Type: Joint Venture
Parent Company(ies): Western Community Housing, Inc.
Highridge Costa Housing Partners, LLC
Developer: Highridge Costa Housing Partners, LLC
Investor/Consultant: HCHP Multi-Housing Investments
Management Agent: ConAm Property Management Corporation

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 80
Total # of Units: 81
No. & % of Tax Credit Units: 80 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 80

Bond Information

Issuer: California Statewide Communities Development Authority
 Expected Date of Issuance: November 15, 2013
 Credit Enhancement: N/A

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Marisol Parks

Unit Mix

41 3-Bedroom Units
 40 4-Bedroom Units

 81 Total Units

Unit Type & Number	2013 Rents Targeted % of Area Median Income	2013 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
16 3 Bedrooms	40%	40%	\$596
24 3 Bedrooms	50%	50%	\$745
16 4 Bedrooms	40%	40%	\$665
24 4 Bedrooms	50%	50%	\$831
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$649

Project Financing

Estimated Total Project Cost: \$7,204,997
 Estimated Residential Project Cost: \$7,204,997

Residential

Construction Cost Per Square Foot: \$9
 Per Unit Cost: \$88,951

Construction Financing

Source	Amount
American First Tax Exempt Investor, LP	\$5,010,000
Construction Period Income	\$14,259
Deferred Costs	\$935,012
Tax Credit Equity	\$1,245,726

Permanent Financing

Source	Amount
America First Tax Exempt Investors, LLC	\$3,241,855
America First Tax Exempt Investors, LLC	\$1,702,943
Operating Income	\$14,259
Deferred Developer Fee	\$598,750
Tax Credit Equity	\$1,647,190
TOTAL	\$7,204,997

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$1,393,202
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$4,755,250
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$1,393,202
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	\$4,755,250
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$41,619
Maximum Annual Federal Credit, Acquisition:	\$152,168
Total Maximum Annual Federal Credit:	\$193,787
Approved Developer Fee (in Project Cost & Eligible Basis):	\$789,972
Investor/Consultant:	HCHP Multi-Housing Investments
Federal Tax Credit Factor:	\$0.85000

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:	\$6,148,452
Actual Eligible Basis:	\$6,148,452
Unadjusted Threshold Basis Limit:	\$24,006,776
Total Adjusted Threshold Basis Limit:	\$48,013,552

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: 100%

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 Shafter, has completed a site review of this project and 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
\$193,787	\$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 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: None