

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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

Project Number CA-13-857

Project Name Tyler Park Townhomes
Site Address: 1120 Heidi Drive
Greenfield, CA 93927 County: Monterey
Census Tract: 112.010

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$311,332	\$0
Recommended:	\$311,332	\$0

Applicant Information

Applicant: Tyler Greenfield AR, L.P.
Contact: Norm Kolpin
Address: 295 Main Street, Suite 100
Salinas, CA 93901
Phone: 831-757-6251 **Fax:** 831-682-8011
Email: nkolpin@chispahousing.org

General Partner(s) or Principal Owner(s): CHISPA, Inc.
HCHP Affordable Multi-Family, LLC

General Partner Type: Joint Venture

Parent Company(ies): CHISPA, Inc.
Highridge Costa Housing Partners, LLC

Developer: Highridge Costa Housing Partners, LLC

Investor/Consultant: HCHP Multi-Housing Investments, LLC

Management Agent: CHISPA Housing Management, Inc.

Project Information

Construction Type: Acquisition & Rehabilitation

Total # Residential Buildings: 14

Total # of Units: 88

No. & % of Tax Credit Units: 87 100.00%

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: 66

Number of Units @ or below 60% of area median income: 21

Bond Information

Issuer: California Statewide Communities Development Authority
 Expected Date of Issuance: November 15, 2013
 Credit Enhancement: None

Information

Housing Type: Large Family
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Benjamin Schwartz

Unit Mix

20 2-Bedroom Units
 44 3-Bedroom Units
 24 4-Bedroom Units

 88 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>
14 2 Bedrooms	50%	50%	\$802
6 2 Bedrooms	60%	60%	\$963
32 3 Bedrooms	50%	50%	\$927
11 3 Bedrooms	60%	60%	\$1,113
20 4 Bedrooms	50%	50%	\$1,035
4 4 Bedrooms	60%	60%	\$1,242
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,042

Project Financing

Estimated Total Project Cost: \$10,516,634
 Estimated Residential Project Cost: \$10,516,634

Construction Financing

<u>Source</u>	<u>Amount</u>
America First Tax Exempt Investors, L.P.	\$7,000,000
Income during Rehabilitation	\$42,100
CHISPA Note	\$750,000
Seller Note	\$240,500
Deferred Developer Fee	\$818,732
Tax Credit Equity	\$1,665,303

Residential

Construction Cost Per Square Foot: \$10
 Per Unit Cost: \$119,507

Permanent Financing

<u>Source</u>	<u>Amount</u>
America First Tax Exempt Investors, L.P.	\$6,421,157
Income during rehabilitation	\$42,100
CHISPA Note	\$750,000
Seller Note	\$240,500
Deferred Developer Fee	\$416,558
Tax Credit Equity	\$2,646,319
TOTAL	\$10,516,634

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$1,436,770
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$7,923,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$1,867,801
Applicable Rate:	3.20%
Qualified Basis (Acquisition):	\$7,923,500
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$57,780
Maximum Annual Federal Credit, Acquisition:	\$253,552
Total Maximum Annual Federal Credit:	\$311,332
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,220,905
Investor/Consultant:	HCHP Multi-Housing Investments, LLC
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:	\$9,360,270
Actual Eligible Basis:	\$9,360,270
Unadjusted Threshold Basis Limit:	\$28,210,824
Total Adjusted Threshold Basis Limit:	\$49,368,942

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: 75%

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 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: This project is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Tyler Park Townhomes (CA-94-135).

Local Reviewing Agency:

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

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
\$311,332	\$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: The applicant/owner is required to provide the tenants with the following service amenities free of charge for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC:

- After school program on-site
- Instructor-led educational classes, health and wellness or skill-building classes on-site