

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 19, 2014

Project Number CA-14-811

Project Name Renaissance Village Apartments
Site Address: 220 N. Glenwood Avenue
Rialto, CA 92376 County: San Bernardino
Census Tract: 35.100

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$749,396	\$0
Recommended:	\$749,396	\$0

Applicant Information

Applicant: Renaissance Village Housing Partners, L.P.
Contact: Tracy Thomas
Address: 9421 Haven Avenue
Rancho Cucamonga, CA 91730
Phone: 909-483-2444 Fax: 909-483-2448
Email: tthomas@nationalcore.org

General Partner(s) or Principal Owner(s): Southern California Housing Development Corporation of the Inland Empire
General Partner Type: Nonprofit
Parent Company(ies): National Community Renaissance
Developer: National CORE of California
Investor/Consultant: Hudson Housing Capital
Management Agent: National CORE of California

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 37
Total # of Units: 144
No. & % of Tax Credit Units: 143 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt/HOME
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 15
Number of Units @ or below 60% of area median income: 128

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: May 17, 2014
 Credit Enhancement: N/A

Information

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

Unit Mix

19 1-Bedroom Units
 34 2-Bedroom Units
 90 3-Bedroom Units
1 4-Bedroom Units
 144 Total Units

<u>Unit Type & Number</u>	<u>2014 Rents Targeted % of Area Median Income</u>	<u>2014 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 1 Bedroom	50%	50%	\$569
16 1 Bedroom	60%	60%	\$683
4 2 Bedrooms	50%	50%	\$683
30 2 Bedrooms	60%	60%	\$820
8 3 Bedrooms	50%	50%	\$789
82 3 Bedrooms	60%	60%	\$947
1 4 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$24,208,264
 Estimated Residential Project Cost: \$24,208,264

Residential

Construction Cost Per Square Foot: \$42
 Per Unit Cost: \$168,113

Construction Financing

<u>Source</u>	<u>Amount</u>
Chase	\$12,170,446
San Bernardino County HOME	\$332,286
Seller Carryback Loan	\$8,725,800
Refundable Bond Fees	\$55,000
Tax Credit Equity	\$384,069

Permanent Financing

<u>Source</u>	<u>Amount</u>
Chase	\$5,818,691
San Bernardino County HOME	\$332,286
Seller Carryback Loan	\$9,225,800
Refundable Bond Fees	\$55,000
Developer Loan	\$400,000
Deferred Developer Fee	\$695,103
Tax Credit Equity	\$7,681,384
TOTAL	\$24,208,264

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$9,956,811
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$10,505,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$12,943,855
Qualified Basis (Acquisition):	\$10,505,000
Applicable Rate:	3.20%
Maximum Annual Federal Credit, Rehabilitation:	\$413,236
Maximum Annual Federal Credit, Acquisition:	\$336,160
Total Maximum Annual Federal Credit:	\$749,396
Approved Developer Fee in Project Cost:	\$2,450,000
Approved Developer Fee in Eligible Basis:	\$1,790,671
Investor/Consultant:	Hudson Housing Capital
Federal Tax Credit Factor:	\$1.02501

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:	\$20,461,811
Actual Eligible Basis:	\$20,461,811
Unadjusted Threshold Basis Limit:	\$38,067,054
Total Adjusted Threshold Basis Limit:	\$41,873,759

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: 10%

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 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
\$749,396	\$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

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 improve energy efficiency above the modeled energy consumption of the building(s) by a 20% decrease, based on an estimated annual energy use, in the buildings Home Energy Rating System II (HERSII) post rehabilitation.