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

Project Number          CA-14-823

Project Name        Harbour View Apartments
      Site Address:  20 and 25 Harbour Way
                     Richmond CA 94801
                     County: Contra Costa
      Census Tract:  3770.000

Tax Credit Amounts          Federal/Annual   State/Total
      Requested:       $625,327           $0
      Recommended:     $625,327           $0

Applicant Information
      Applicant: Richmond Pacific Associates, a California Limited Partnership
      Contact: Caleb Roope
      Address:  430 E. State Street, Ste. 100
                     Eagle, ID 83616
      Phone:  208-461-0022
      Fax:    208-461-3267
      Email:  calebr@tphousing.com

      General Partner(s) or Principal Owner(s): TPC Holdings V, LLC
                       Central Valley Coalition for Affordable Housing
      General Partner Type: Joint Venture
      Parent Company: The Pacific Companies
                       Central Valley Coalition for Affordable Housing
      Developer: Pacific West Communities, Inc.
      Investor/Consultant: Wells Fargo
      Management Agent: Barker Management, Inc.

Project Information
      Construction Type: New Construction
      Total # Residential Buildings: 1
      Total # of Units: 62
      No. & % of Tax Credit Units: 61 100.00%
      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: 7
      Number of Units @ or below 60% of area median income: 54
**Bond Information**

Issuer: CSCDA  
Date issued: June 19, 2013  
Credit Enhancement: None

**Information**

Housing Type: Seniors  
Geographic Area: North and East Bay Region  
TCAC Project Analyst: Daniel Tran

**Unit Mix**

<table>
<thead>
<tr>
<th>Unit Type &amp; Number</th>
<th>2014 Rents Targeted</th>
<th>2014 Rents Actual</th>
<th>Proposed Rent (including utilities)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of Area Median</td>
<td>% of Area Median</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Income</td>
<td>Income</td>
<td></td>
</tr>
<tr>
<td>5 1 Bedroom</td>
<td>50%</td>
<td>50%</td>
<td>$862</td>
</tr>
<tr>
<td>45 1 Bedroom</td>
<td>60%</td>
<td>60%</td>
<td>$1,035</td>
</tr>
<tr>
<td>2 2 Bedrooms</td>
<td>50%</td>
<td>50%</td>
<td>$1,035</td>
</tr>
<tr>
<td>9 2 Bedrooms</td>
<td>60%</td>
<td>60%</td>
<td>$1,242</td>
</tr>
<tr>
<td>1 2 Bedrooms</td>
<td>Manager’s Unit</td>
<td>Manager’s Unit</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Project Financing**

Estimated Total Project Cost: $16,555,277  
Estimated Residential Project Cost: $16,555,277

**Construction Financing**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citibank, N.A.- Series A</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>Citibank, N.A.- Series B</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Deferred Costs</td>
<td>$259,681</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$1,960,683</td>
</tr>
<tr>
<td>Tax Credit Equity</td>
<td>$1,334,913</td>
</tr>
</tbody>
</table>

**Permanent Financing**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citibank, N.A.- Series A</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Citibank, N.A.- Series B</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$990,000</td>
</tr>
<tr>
<td>Tax Credit Equity</td>
<td>$6,565,277</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$16,555,277</strong></td>
</tr>
</tbody>
</table>
**Determination of Credit Amount(s)**

Requested Eligible Basis: $15,031,905
130% High Cost Adjustment: Yes
Applicable Fraction: 100.00%
Qualified Basis: $19,541,477
Applicable Rate: 3.20%
Total Maximum Annual Federal Credit: $625,327
Approved Developer Fee (in Project Cost & Eligible Basis): $1,960,683
Investor/Consultant: Well Fargo
Federal Tax Credit Factor: $1.04990

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: $15,031,905
- Actual Eligible Basis: $15,031,905
- Unadjusted Threshold Basis Limit: $15,094,300
- Total Adjusted Threshold Basis Limit: $19,740,385

**Adjustments to Basis Limit:**
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 11%

**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:

<table>
<thead>
<tr>
<th>Federal Tax Credits/Annual</th>
<th>State Tax Credits/Total</th>
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<tr>
<td>$625,327</td>
<td>$0</td>
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**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