

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2014 First Round
June 11, 2014

Project Number CA-14-030

Project Name Warthan Place Apartments
 Site Address: South of Tache Way at Warthan Street
 Coalinga, CA 93210 County: Fresno
 Census Tract: 81.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$634,709	\$2,472,890
Recommended:	\$634,709	\$2,472,890

Applicant Information

Applicant: Warthan Place Apartment Investors, L.P.
 Contact: John Cicerone
 Address: 1006 4th Street, Suite 701
 Sacramento, CA 95814
 Phone: (916) 446-4040 Fax: (916) 446-4044
 Email: jrcvest@aol.com

General Partner(s)/Principal Owner(s): Community Revitalization and Development Corporation
 Cyrus Youssefi
 Egis Group, Inc.

General Partner Type: Joint Venture

Parent Company(ies): Community Revitalization and Development Corporation
 Cyrus Youssefi
 Egis Group, Inc.

Developer: CFY Development, Inc.

Investor/Consultant: WNC & Associates

Management Agent(s): CFY Development, Inc.

Project Information

Construction Type: New Construction

Total # Residential Buildings: 10

Total # of Units: 81

No. & % of Tax Credit Units: 80 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: N/A

Utility Allowance: CUAC

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

30% AMI:	8	10 %
50% AMI:	28	35 %
55% AMI (Rural):	32	40 %

Information

Set-Aside: Rural
 Housing Type: Large Family
 Geographic Area: N/A
 TCAC Project Analyst: DC Navarrette

Unit Mix

40 2-Bedroom Units
 33 3-Bedroom Units
 8 4-Bedroom Units

 81 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 2 Bedrooms	30%	30%	\$369
13 2 Bedrooms	50%	50%	\$616
16 2 Bedrooms	55%	55%	\$677
8 2 Bedrooms	60%	60%	\$739
4 3 Bedrooms	30%	30%	\$426
12 3 Bedrooms	50%	50%	\$711
12 3 Bedrooms	55%	55%	\$782
4 3 Bedrooms	60%	60%	\$853
1 4 Bedrooms	30%	30%	\$476
3 4 Bedrooms	50%	50%	\$793
4 4 Bedrooms	55%	55%	\$873
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$13,824,638
 Estimated Residential Project Cost: \$13,824,638

Residential

Construction Cost Per Square Foot: \$102
 Per Unit Cost: \$170,675

Construction Financing

<u>Source</u>	<u>Amount</u>
Chase	\$7,476,373
City of Coalinga	\$1,500,000
Deferred Impact Fees	\$964,737
Deferred Operating Reserve	\$136,260
Deferred Developer Fee	\$1,400,000
Tax Credit Equity	\$2,347,268

Permanent Financing

<u>Source</u>	<u>Amount</u>
Bonneville Mortgage	\$3,535,672
City of Coalinga	\$1,500,000
Deferred Impact Fees	\$964,737
Tax Credit Equity	\$7,824,229
TOTAL	\$13,824,638

Determination of Credit Amount(s)

Requested Eligible Basis:	\$8,242,968
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$8,242,968
Applicable Rate:	7.70%
Maximum Annual Federal Credit:	\$634,709
Total State Credit:	\$2,472,890
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,400,000
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	\$0.96000
State Tax Credit Factor:	\$0.70000

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:	\$8,242,968
Actual Eligible Basis:	\$13,352,690
Unadjusted Threshold Basis Limit:	\$17,605,824
Total Adjusted Threshold Basis Limit:	\$19,077,750

Adjustments to Basis Limit:

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Second:	31.287%

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 7.70% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.36%. 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.

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, the City of Coalinga, 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
\$634,709	\$2,472,890

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 allocation 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
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Cost Efficiency	3	3	3
Public Funds	17	17	17
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	15	15
Within ¼ mile of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ¼ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	2	2	2
Within ¼ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within 1.5 miles of a public high school resident children may attend	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ¼ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, min. 60 hrs/100 bdrms	3	3	3
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: GreenPoint	5	5	5
Develop project to requirements of: GreenPoint 100	3	3	3
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	2	2	2
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	20
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	148

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.