

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2014 Second Round

September 24, 2014

Project Number CA-14-126

Project Name Winters Senior Center Apartments
Site Address: 400 Morgan Street
Winters, CA 95694
Census Tract: 113.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$332,480	\$1,295,378
Recommended:	\$332,480	\$1,295,378

Applicant Information

Applicant: Winters Senior Apartments, a CA LP
Contact: Ronald D. Bettencourt
Address: 800 Tribute Court
Auburn, CA 95603
Phone: (805) 439-0328 Fax: (530) 745-9962
Email: whitecapcoastal@sbcglobal.net

General Partner(s) / Principal Owner(s): Bettencourt Properties, Inc.
The Beneficial Housing Foundation
General Partner Type: Joint Venture
Parent Company(ies): Bettencourt Properties, Inc.
The Beneficial Housing Foundation
Developer: Community Preservation Partners, LLC
Investor/Consultant: WNC & Associates, Inc.
Management Agent(s): AWI Management Corporation

Project Information

Construction Type: Acquisition and Rehabilitation
Total # Residential Buildings: 1
Total # of Units: 38
No. & % of Tax Credit Units: 37 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: USDA RHS 515 Loan / RHS 521 (37 Units - 100%)
Affordability Breakdown by Units and % (Lowest Income Points):
30% AMI: 4 10 %
50% AMI (Rural): 13 35 %
55% AMI (Rural): 15 40 %

Information

Set-Aside: Rural
 Housing Type: Seniors
 Geographic Area: N/A
 TCAC Project Analyst: Mayra Lozano

Unit Mix

37 1-Bedroom Units
 1 2-Bedroom Units

 38 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>
4 1 Bedroom	30%	30%	\$416
13 1 Bedroom	50%	50%	\$693
15 1 Bedroom	55%	55%	\$763
5 1 Bedroom	60%	60%	\$832
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$6,297,585
 Estimated Residential Project Cost: \$6,297,585

Construction Financing

<u>Source</u>	<u>Amount</u>
Rabobank, N.A.	\$3,425,000
USDA RHS 515	\$1,669,338
Deferred Developer Fee	\$423,507
Tax Credit Equity	\$779,740

Residential

Construction Cost Per Square Foot: \$90
 Per Unit Cost: \$165,726

Permanent Financing

<u>Source</u>	<u>Amount</u>
Bellwether Enterprise - Tranche B	\$665,000
USDA RHS 515	\$1,669,338
Deferred Developer Fee	\$64,158
Tax Credit Equity	\$3,899,089
TOTAL	\$6,297,585

Determination of Credit Amount(s)

Requested Eligible Basis: \$4,317,928
 130% High Cost Adjustment: No
 Applicable Fraction: 100.00%
 Qualified Basis: \$4,317,928
 Applicable Rate: 7.70%
 Maximum Annual Federal Credit: \$332,480
 Total State Credit: \$1,295,378
 Approved Developer Fee (in Project Cost & Eligible Basis): \$563,208
 Investor/Consultant: WNC & Associates, Inc.
 Federal Tax Credit Factor: \$0.90000
 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:	\$4,317,928
Actual Eligible Basis:	\$4,317,928
Unadjusted Threshold Basis Limit:	\$6,385,262
Total Adjusted Threshold Basis Limit:	\$6,385,262

Adjustments to Basis Limit: None

Tie-Breaker Information

First:	Seniors
Second:	46.417%

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

Special Issues/Other Significant Information: This project is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Winters Senior Center Apartments (CA-93-001).

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, City of Winters, 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
\$332,480	\$1,295,378

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. 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
Public Funds	20	20	20
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 ½ mile of public park or community center open to general public	3	3	3
Within 1/2 mile of a public library	3	3	3
Within 1/2 mile of a neighborhood market of at least 5,000 sq. ft.	4	4	4
Within 1 mile of medical clinic or hospital	3	3	0
Within 1/2 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, minimum 84 hrs/yr	7	7	7
Health & wellness services and programs, minimum 60 hrs/100 bdrms	3	3	3
Sustainable Building Methods	10	10	10
REHABILITATION			
Rehabilitate to improve energy efficiency (change in HERS II rating): 30%	10	10	10
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.