

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

May 20, 2015

REVISED

Project Number CA-15-840

Project Name Springville at Camarillo

Site Address: North of US 101, South of Ponderosa Drive, West of Las Posas
Camarillo, CA 93010 County: Ventura

Census Tract: 52.050

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$730,601	\$0
Recommended:	\$730,601	\$0

Applicant Information

Applicant: Springville at Camarillo, LP

Contact: Todd Cottle

Address: 14211 Yorba St., Ste. 200
Tustin, CA 92780

Phone: 714-288-7600 Fax: 866-570-0728

Email: todd@c-dev.com

General Partner(s) or Principal Owner(s): Orange Housing Development Corporation
Springville CCR, LLC

General Partner Type: Joint Venture

Parent Company(ies): Orange Housing Development Corporation
C&C Development Co, LLC

Developer: Springville CCR, LLC

Investor/Consultant: National Equity Fund, Inc.

Management Agent: Advanced Property Services, LLC

Project Information

Construction Type: New Construction

Total # Residential Buildings: 5

Total # of Units: 60

No. & % of Tax Credit Units: 59 100.00%

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: 30

Number of Units @ or below 60% of area median income: 29

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: August 3, 2015
 Credit Enhancement: No

Information

Housing Type: Large Family
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Mayra Lozano

Unit Mix

18 1-Bedroom Units
 21 2-Bedroom Units
 21 3-Bedroom Units

 60 Total Units

<u>Unit Type & Number</u>	<u>2015 Rents Targeted % of Area Median Income</u>	<u>2015 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
9 1 Bedroom	50%	49%	\$831
11 2 Bedrooms	50%	49%	\$998
10 3 Bedrooms	50%	49%	\$1,153
9 1 Bedroom	60%	59%	\$998
10 2 Bedrooms	60%	59%	\$1,198
10 3 Bedrooms	60%	59%	\$1,383
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,626,159
Construction Costs	\$8,812,717
Rehabilitation Costs	\$0
Construction Contingency	\$479,602
Relocation	\$0
Architectural/Engineering	\$925,026
Construction Interest, Perm Financing	\$864,740
Legal Fees, Appraisals	\$80,000
Reserves	\$163,800
Other Costs	\$1,981,987
Developer Fee	\$2,221,346
Commercial Costs	\$0
Total	\$18,155,377

Project Financing

Estimated Total Project Cost:	\$18,155,377
Estimated Residential Project Cost:	\$18,155,377

Residential

Construction Cost Per Square Foot:	\$157
Per Unit Cost:	\$302,590

Construction Financing

Source	Amount
Bank of America (B of A)	\$10,883,139
B of A Subordinate Loan	\$1,100,000
Master Developer Contribution	\$2,467,233
Deferred Developer Fee	\$1,246,144
Deferred Developer Fee (Construction)	\$518,137
Deferred Costs	\$207,990
General Partner Equity	\$100
Tax Credit Equity	\$1,732,635

Permanent Financing

Source	Amount
CCRC	\$6,067,860
B of A Subordinate Loan	\$1,100,000
Master Developer Contribution	\$2,467,233
Deferred Developer Fee	\$1,246,143
General Partner Equity	\$100
Tax Credit Equity	\$7,274,041
TOTAL	\$18,155,377

Determination of Credit Amount(s)

Requested Eligible Basis:	\$17,030,319
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$22,139,415
Applicable Rate:	3.30%
Total Maximum Annual Federal Credit:	\$730,601
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,221,346
Investor/Consultant:	National Equity Fund, Inc.
Federal Tax Credit Factor:	\$0.99562

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:	\$17,030,319
Actual Eligible Basis:	\$17,030,319
Unadjusted Threshold Basis Limit:	\$19,343,016
Total Adjusted Threshold Basis Limit:	\$29,014,524

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: 50%

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 meets 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 3.30% 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
\$730,601	\$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 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 becoming certified under the following programs:
Leadership in Energy & Environmental Design (LEED)
- The project will be developed beyond the minimum requirements of the green building program by meeting the LEED for Homes SILVER standard.
- The project will exceed Title 24 Standards for New Construction / Adaptive Reuse by 17.5% of the California Building Code.