CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
January 20, 2016

Schillo Gardens, located at 2825, 2837, 2849 & 2861 Los Robles Road in Thousand Oaks, requested and is being recommended for a reservation of $343,735 in annual federal tax credits to finance the acquisition and rehabilitation of 28 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Many Mansions, a California non profit corporation and is located in Senate District 27 and Assembly District 44.

Schillo Gardens is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, CA-1988-106. See **Special Issues/Other Significant Information** below for additional re-syndication information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based contract.

Project Number CA-16-801

Project Name Schillo Gardens
Site Address: 2825, 2837, 2849 & 2861 Los Robles Road
Thousand Oaks, CA 91362 County: Ventura
Census Tract: 71.000

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$343,735	$0
Recommended:	$343,735	$0

Applicant Information
Applicant: Schillo Gardens LLC
Contact: Rick Schroeder
Address: 1259 E. Thousand Oaks Blvd.
Thousand Oaks, CA 91362
Phone: (805) 496-4948 Fax: (805) 497-1305
Email: rick@manymansions.org

General Partner(s) or Principal Owner(s): Schillo Gardens LLC
General Partner Type: Nonprofit
Parent Company(ies): Many Mansions, a California nonprofit corporation
Developer: Many Mansions, a California nonprofit corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent: Many Mansions, a California nonprofit corporation

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	4
Total # of Units:	29
No. & % of Tax Credit Units:	28 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Contract (6 units - 21%)
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: 21

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	March 1, 2016
Credit Enhancement:	N/A

Information

Housing Type:	Non-Targeted
Geographic Area:	Central Coast Region
TCAC Project Analyst:	Marlene McDonough

Unit Mix

7	1-Bedroom Units
16	2-Bedroom Units
6	3-Bedroom Units
29	Total Units

Unit Type & Number		2015 Rents Targeted % of Area Median Income	2015 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
1	1 Bedroom	50%	50%	$850
1	1 Bedroom	50%	50%	$850
5	1 Bedroom	60%	60%	$1,020
2	2 Bedrooms	50%	49%	$1,001
2	2 Bedrooms	50%	49%	$1,001
9	2 Bedrooms	60%	59%	$1,202
2	2 Bedrooms	60%	59%	$1,202
1	3 Bedrooms	50%	50%	$1,178
4	3 Bedrooms	60%	60%	$1,413
1	3 Bedrooms	60%	60%	$1,413
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$6,250,000
Construction Costs	$0
Rehabilitation Costs	$2,030,035
Construction Contingency	$365,406
Relocation	$7,235
Architectural/Engineering	$90,799
Construction Interest, Perm Financing	$365,053
Legal Fees, Appraisals	$181,000
Reserves	$80,932
Other Costs	$186,988
Developer Fee	$1,230,155
Commercial Costs	$0
Total	**$10,787,603**

Project Financing

Estimated Total Project Cost:	$10,787,603
Estimated Residential Project Cost:	$10,787,603

Residential

Construction Cost Per Square Foot:	$86
Per Unit Cost:	$371,986

Construction Financing

Source	Amount
U.S. Bank	$6,700,000
City of Thousand Oaks*	$3,330,157
Accrued/Deferred Interest Loan	$93,100
General Partner Equity	$100
Deferred Costs	$536,787
Tax Credit Equity	$127,459

Permanent Financing

Source	Amount
CCRC Permament Loan	$909,000
City of Thousand Oaks*	$3,330,157
City of Thousand Oaks*	$2,640,800
Accrued/Deferred Interest Loan	$93,100
Income from Operations	$68,498
General Partner Equity	$100
Tax Credit Equity	$3,745,948
TOTAL	**$10,787,603**

*Seller Carryback Loan

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$3,283,398
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$6,251,886
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$4,268,417
Qualified Basis (Acquisition):	$6,251,886
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$137,423
Maximum Annual Federal Credit, Acquisition:	$206,312
Total Maximum Annual Federal Credit:	$343,735
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,230,155
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$1.08978

Per Regulation Section 10322(h)(9)(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:	$9,535,284
Actual Eligible Basis:	$9,535,284
Unadjusted Threshold Basis Limit:	$9,080,764
Total Adjusted Threshold Basis Limit:	$11,350,955

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: 25%

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 3.30% 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

To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. The initial 15 year compliance period is from January 1 of the owner's elected first year of credit through December 31 of the 15th year. The existing regulatory agreement expires 12/31/2019. The existing regulatory agreement income targeting is 28 units at or 60% AMI.

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
$343,735	**$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: None