CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 16, 2016

Casa Blanca Apartments, located at 1000 Claudia Court in Antioch, requested and is being recommended for a reservation of $538,711 in annual federal tax credits to finance the acquisition and rehabilitation of 114 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by 1000 Claudia Court, LLC and is located in Senate District 7 and Assembly District 11.

Casa Blanca Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Riviera Apartments (CA-99-814). See **Special Issues/Other Significant Information** below for additional re-syndication information.

Project Number CA-16-830

Project Name Casa Blanca Apartments

Site Address:	1000 Claudia Court		
	Antioch, CA 94509	County:	Contra Costa
Census Tract:	3071.020		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$538,711	$0
Recommended:	$538,711	$0

Applicant Information

Applicant:	LIH Casa Blanca Antioch, LP		
Contact:	Jacob Levy		
Address:	201 Wilshire Boulevard, 2nd Floor		
	Santa Monica, CA 90401		
Phone:	(310) 883-7900	Fax:	(310) 883-7910
Email:	jacob@levyaffiliated.com		

General Partner(s) or Principal Owner(s):	1000 Claudia Court LLC Central Valley Coalition for Affordable Housing
General Partner Type:	Joint Venture
Parent Company(ies):	1000 Claudia Court LLC Central Valley Coalition for Affordable Housing
Developer:	1000 Claudia Court, LLC
Investor/Consultant:	WNC & Associates
Management Agent:	Platinum Realty Management, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	13
Total # of Units:	115
No. & % of Tax Credit Units:	114 100.00%
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:	13
Number of Units @ or below 60% of area median income:	101

Bond Information

Issuer:	CSCDA
Expected Date of Issuance:	May 1, 2016
Credit Enhancement:	N/A

Information

Housing Type:	Non-Targeted
Geographic Area:	North and East Bay Region
TCAC Project Analyst:	Jack Waegell

Unit Mix

71	1-Bedroom Units
44	2-Bedroom Units
115	Total Units

Unit Type & Number		2015 Rents Targeted % of Area Median Income	2015 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
2	1 Bedroom	50%	50%	$871
14	1 Bedroom	60%	60%	$1,046
6	1 Bedroom	50%	50%	$871
49	1 Bedroom	60%	60%	$1,046
4	2 Bedrooms	50%	50%	$1,046
30	2 Bedrooms	60%	60%	$1,255
1	2 Bedrooms	50%	50%	$1,046
8	2 Bedrooms	60%	60%	$1,255
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application

Land and Acquisition	$7,903,351
Construction Costs	$0
Rehabilitation Costs	$4,300,980
Construction Contingency	$425,000
Relocation	$40,000
Architectural/Engineering	$65,900
Construction Interest, Perm Financing	$1,458,821
Legal Fees, Appraisals	$231,000
Reserves	$662,992
Other Costs	$529,856
Developer Fee	$1,881,757
Commercial Costs	$0
Total	**$17,499,657**

Project Financing

Estimated Total Project Cost:	$17,499,657
Estimated Residential Project Cost:	$17,499,657

Residential

Construction Cost Per Square Foot:	$52
Per Unit Cost:	$152,171

Construction Financing

Source	Amount
Citibank	$14,500,000
Deferred Developer Fee	$1,881,757
Tax Credit Equity	$824,228

Permanent Financing

Source	Amount
Citibank	$12,000,000
Deferred Developer Fee	$4,805
Tax Credit Equity	$5,494,852
TOTAL	**$17,499,657**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$6,325,902
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$8,100,899
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$8,223,672
Qualified Basis (Acquisition):	$8,100,899
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$271,381
Maximum Annual Federal Credit, Acquisition:	$267,330
Total Maximum Annual Federal Credit:	$538,711
Approved Developer Fee (in Project Cost & Eligible Basis):	$1,881,757
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	$1.02000

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:	$14,426,800
Actual Eligible Basis:	$14,426,800
Unadjusted Threshold Basis Limit:	$28,635,974
Total Adjusted Threshold Basis Limit:	$31,785,931

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: 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 meet 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 12/31/2029. The existing regulatory agreement's initial income targeting is 128 units at or below 60% AMI. The 1999 regulatory agreement initially covered 128 tax credit units in 15 tax-credit buildings. In 2011, the city of Antioch acquired 2 of the buildings and 14 tax-credit units by eminent domain for work related to State Highway 4, resulting in a reduction in the number of tax credit units covered under the existing 1999 regulatory agreement to 114 units.

The project is a re-syndication occurring concurrently with a Transfer Event with distribution of Net Project Equity, which is otherwise required to set aside a Short Term Work Capitalized Replacement Reserve in the amount of $16,260. In lieu of a Short Term Work Capitalized Reserve, the seller of the project will give a credit in the amount of $16,260, allowing the applicant to use Short Term Work Reserve Amount to fund rehabilitation expenses and to receive eligible basis for that amount.

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
$538,711	**$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.