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

Vista La Rosa, located at 2002 Rimbley Avenue in San Diego, requested and is being recommended for a reservation of $2,245,856 in annual federal tax credits to finance the acquisition and rehabilitation of 238 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Standard Property Company, Inc. and is located in Senate District 40 and Assembly District 80.

Vista La Rosa is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Vista La Rosa (CA-00-818). 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-16-831

Project Name	Vista La Rosa Apartments	
Site Address:	2002 Rimbey Avenue	
	San Diego, CA 92154	County: San Diego
Census Tract:	101.10	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$2,245,856	$0
Recommended:	$2,245,856	$0

Applicant Information

Applicant:	Standard VLR Venture LP		
Contact:	Keith Dragoon		
Address:	1901 Avenue of the Stars, Suite 395		
	Los Angeles	CA	90067
Phone:	(310) 553-5711	Fax:	(310) 551-1666
Email:	kdragoon@standardproperty.com		

General Partner(s) or Principal Owner(s):	Standard VLR Manager LP Housing On Merit II LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Standard Property Company Housing on Merit
Developer:	Standard Property Company, Inc.
Investor/Consultant:	Alliant Capital, Ltd.
Management Agent:	Apartment Management Consultants, LLC

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	19
Total # of Units:	240
No. & % of Tax Credit Units:	238 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Project-Based Section 8 Contract (182 Units - 76%)
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes

Number of Units @ or below 50% of area median income: 24
Number of Units @ or below 60% of area median income: 214

Bond Information

Issuer:	Housing Authority of the City of San Diego
Expected Date of Issuance:	March 31, 2016
Credit Enhancement:	No

Information

Housing Type:	Non-Targeted
Geographic Area:	San Diego County
TCAC Project Analyst:	DC Navarrette

Unit Mix

200	2-Bedroom Units
40	3-Bedroom Units
240	Total Units

Unit Type & Number		2015 Rents Targeted % of Area Median Income	2015 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
45	2 Bedrooms	60%	60%	$1,093
11	3 Bedrooms	60%	60%	$1,263
134	2 Bedrooms	60%	60%	$1,093
24	3 Bedrooms	60%	60%	$1,263
20	2 Bedrooms	50%	50%	$911
4	3 Bedrooms	50%	50%	$1,053
1	2 Bedrooms	Manager’s Unit	Manager’s Unit	$1,093
1	3 Bedrooms	Manager’s Unit	Manager’s Unit	$1,263

Project Cost Summary at Application

Land and Acquisition	$53,300,000
Construction Costs	$0
Rehabilitation Costs	$8,111,933
Construction Contingency	$0
Relocation	$0
Architectural/Engineering	$200,000
Const Interest, Perm Financing	$2,874,642
Legal Fees, Appraisals	$285,000
Reserves	$1,908,055
Other Costs	$829,139
Developer Fee	$8,497,320
Commercial Costs	$0
Total	**$76,006,089**

Project Financing

Estimated Total Project Cost:	$76,006,089
Estimated Residential Project Cost:	$76,006,089

Residential

Construction Cost Per Square Foot:	$22
Per Unit Cost:	$316,692

Construction Financing

Source	Amount
Citibank	$47,244,000
Deferred Reserves	$1,908,055
Deferred Developer Fee	$8,503,677
Tax Credit Equity	$18,356,735

Permanent Financing

Source	Amount
Citibank	$47,244,000
Deferred Developer Fee	$6,305,759
Tax Credit Equity	$22,456,330
TOTAL	**$76,006,089**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$9,700,607
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$55,445,515
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$12,610,788
Qualified Basis (Acquisition):	$55,445,515
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$416,154
Maximum Annual Federal Credit, Acquisition:	$1,829,702
Total Maximum Annual Federal Credit:	$2,245,856
Approved Developer Fee (in Project Cost & Eligible Basis):	$8,497,320
Investor/Consultant:	Alliant Capital, Ltd.
Federal Tax Credit Factor:	$0.99990

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:	$65,146,122
Actual Eligible Basis:	$65,146,122
Unadjusted Threshold Basis Limit:	$73,752,320
Total Adjusted Threshold Basis Limit:	$81,127,552

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: 10%

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 12/31/2055. The existing regulatory agreement income targeting is 24 units at or below 50% AMI.

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 $42,382. In lieu of a Short Term Work Capitalized Reserve, the applicant is allowed to use the Short Term Work Reserve Amount to fund rehabilitation expenses. The Short Term Work Reserve Amount of $42,382 is excluded from eligible basis.

The project owner is paying for all utilities.

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
$2,245,856	**$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.