

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

Campus Oaks Apartments Phase I, located at the southwest corner of Crimson Ridge Drive and HP Way in Roseville, requested and is being recommended for a reservation of \$200,700 in annual federal tax credits to finance the new construction of 42 units of housing serving tenants with rents affordable to households earning 40-50% of area median income (AMI). The project will be developed by Alan Ives Constructoin LLC and will be located in Senate District 1 and Assembly District 6.

**Project Number** CA-16-970

**Project Name** Campus Oaks Apartments Phase 1  
**Site Address:** Southwest corner of Crimson Ridge Road and HP Way  
Roseville, CA 95747 County: Placer  
**Census Tract:** 210.430

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$200,700	\$0
Recommended:	\$200,700	\$0

**Applicant Information**

**Applicant:** Campus Oaks Apartments 1 LP  
**Contact:** Scott Canel  
**Address:** 1949 St. Johns Avenue, Suite 200  
Highland Park, IL 60035  
**Phone:** 312-580-0085 **Fax:** 312-580-0086  
**Email:** scanel@sicanel.com

**General Partner(s) or Principal Owner(s):** Campus Oaks Admin GP LLC  
**General Partner Type:** For Profit  
**Parent Company(ies):** Alan Ives Construction LLC  
**Developer:** Alan Ives Construction LLC  
**Investor/Consultant:** Scott I. Canel 2011 Family Trust  
**Management Agent:** Ten South Management Company LLC

**Project Information**

**Construction Type:** New Construction  
**Total # Residential Buildings:** 13  
**Total # of Units:** 186  
**No. & % of Tax Credit Units:** 42 22.70%  
**Federal Set-Aside Elected:** 20%/50%  
**Federal Subsidy:** Tax-Exempt  
**HCD MHP Funding:** No  
**55-Year Use/Affordability:** Yes  
**Number of Units @ or below 50% of area median income:** 42

**Bond Information**

Issuer: CSCDA  
 Expected Date of Issuance: December 1, 2016  
 Credit Enhancement: Freddie Mac TEL Program

**Information**

Housing Type: Non-Targeted  
 Geographic Area: Capital and Northern Region  
 TCAC Project Analyst: DC Navarrette

**Unit Mix**

60 1-Bedroom Units  
 91 2-Bedroom Units  
 35 3-Bedroom Units  


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 186 Total Units

<u>Unit Type &amp; Number</u>	<u>2016 Rents Targeted % of Area Median Income</u>	<u>2016 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
29 1 Bedroom	50%	50%	\$651
7 1 Bedroom	40%	40%	\$521
6 2 Bedrooms	50%	50%	\$781
1 1 Bedroom	Manager's Unit	Manager's Unit	\$1
23 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,775
18 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,025
24 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,055
8 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,155
35 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,350
17 3 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,650
18 3 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,670

**Project Cost Summary at Application**

Land and Acquisition	\$4,810,661
Construction Costs	\$31,011,043
Rehabilitation Costs	\$0
Construction Contingency	\$0
Relocation	\$0
Architectural/Engineering	\$687,758
Const. Interest, Perm. Financing	\$1,777,839
Legal Fees, Appraisals	\$150,000
Reserves	\$758,465
Other Costs	\$6,732,031
Developer Fee	\$160,000
Commercial Costs	\$0
<b>Total</b>	<b>\$46,087,797</b>

**Project Financing**

Estimated Total Project Cost:	\$46,087,797
Estimated Residential Project Cost:	\$46,087,797
Estimated Commercial Project Cost:	\$0

**Residential**

Construction Cost Per Square Foot:	\$154
Per Unit Cost:	\$247,784
True Cash Per Unit Cost*:	\$247,784

**Construction Financing**

Source	Amount
US Bank	\$39,700,000

**Permanent Financing**

Source	Amount
Walker & Dunlop	\$39,700,000
Campus Oaks Apartments 1, LLC	\$4,380,797
Tax Credit Equity	\$2,007,000
<b>TOTAL</b>	<b>\$46,087,797</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$39,004,324
130% High Cost Adjustment:	No
Applicable Fraction:	15.83%
Qualified Basis:	\$6,175,397
Applicable Rate:	3.25%
Total Maximum Annual Federal Credit:	\$200,700
Approved Developer Fee (in Project Cost & Eligible Basis):	\$160,000
Investor/Consultant:	Scott I. Canel 2011 Family Trust
Federal Tax Credit Factor:	\$1.00000

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:	\$39,004,324
Actual Eligible Basis:	\$39,004,324
Unadjusted Threshold Basis Limit:	\$46,607,660
Total Adjusted Threshold Basis Limit:	\$56,861,345

**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: 22%

**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 3.25% 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**

Pursuant to TCAC Regulation Section 10326(g)(5), general partners and management companies lacking documented experience with Section 42 requirements using the minimum scoring standards at Section 10325(c)(2)(A) and (B) shall be required to complete training as prescribed by TCAC prior to a project’s placing in service. Specifically, Campus Oaks Admin GP, LLC and Ten South Management Company, shall complete training as prescribed by TCAC prior to the project's placing in service.

**Local Reviewing Agency**

The Local Reviewing Agency, the City of Roseville, has completed a site review of this project and 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$200,700</b>	<b>\$0</b>

**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 any one of the following programs:  
GreenPoint Rated Multifamily Guidelines
- The project will be developed beyond the minimum requirements of the green building program by meeting the GreenPoint Rated Silver standard.
- The project will exceed 2013 Title 24 Standards for New Construction by 15% of the California Building Code.
- The project will provide energy efficiency with renewable energy that offsets of project tenants' energy load
- The project commits to irrigate only with reclaimed water, greywater, or rainwater (excluding community gardens)
- The project commits to having at least 1 building subject to a policy developed by the owner that prohibits smoking in contiguous designated units.