CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 14, 2016

Ageno Apartments, located on Vasco Road at Brisa Street in Livermore, requested and is being recommended for a reservation of $505,795 in annual federal tax credits to finance the new construction of 34 low-income units of housing serving tenants with rents affordable to households earning 50% of area median income (AMI). The project will be developed by JEMCOR Development Partners and will be located in Senate District 7 and Assembly District 16.

Project Number CA-16-989

Project Name Ageno Apartments
Site Address: Vasco Road at Brisa Street
Livermore, CA 94550 County: Alameda
Census Tract: 4511.010

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$505,795	$0
Recommended:	$505,795	$0

Applicant Information
Applicant: JEMCOR Development Partners, LLC
Contact: Jonathan Emami
Address: 12 Geary Street, Suite 505
San Francisco, CA 94108
Phone: 415-941-5832
Email: jemami@jemcorpartners.com

General Partner(s) or Principal Owner(s): SNFJE Partnership 1, LLC
Pacific Housing, Inc.
General Partner Type: Joint Venture
Parent Company(ies): JEMCOR Development Partners, LLC
Pacific Housing, Inc.
Developer: JEMCOR Development Partners
Investor/Consultant: Alliant Capital
Management Agent: FPI Property Management

Project Information

Construction Type:	New Construction	
Total # Residential Buildings:	4	
Total # of Units:	171	
No. & % of Tax Credit Units:	34	20.12%
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: 34

Bond Information

Issuer:	California Public Finance Authority
Expected Date of Issuance:	April 1, 2017
Credit Enhancement:	N/A

Information

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

Unit Mix

105	1-Bedroom Units
45	2-Bedroom Units
21	3-Bedroom Units
171	Total Units

Unit Type & Number		2016 Rents Targeted % of Area Median Income	2016 Rents Actual % of Area Median Income	Rent (including utilities)
7	1 Bedroom	50%	50%	$914
10	1 Bedroom	50%	50%	$914
4	1 Bedroom	50%	50%	$914
8	2 Bedrooms	50%	50%	$1,097
5	3 Bedrooms	50%	50%	$1,267
2	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0
23	1 Bedroom	Market Rate Unit	Market Rate Unit	$2,250
23	1 Bedroom	Market Rate Unit	Market Rate Unit	$2,325
38	1 Bedroom	Market Rate Unit	Market Rate Unit	$2,375
29	2 Bedrooms	Market Rate Unit	Market Rate Unit	$2,575
6	2 Bedrooms	Market Rate Unit	Market Rate Unit	$2,600
16	3 Bedrooms	Market Rate Unit	Market Rate Unit	$2,850

Project Cost Summary at Application

Land and Acquisition	$1,000,000
Construction Costs	$32,712,857
Rehabilitation Costs	$0
Construction Contingency	$1,617,813
Relocation	$0
Architectural/Engineering	$1,252,750
Const. Interest, Perm. Financing	$3,950,523
Legal Fees, Appraisals	$195,000
Reserves	$950,736
Other Costs	$13,227,930
Developer Fee	$7,771,401
Commercial Costs	$0
Total	**$62,679,009**

Project Financing

Estimated Total Project Cost:	$62,679,009
Estimated Residential Project Cost:	$62,679,009
Estimated Commercial Project Cost:	$0

Residential

Construction Cost Per Square Foot:	$222
Per Unit Cost:	$366,544
True Cash Per Unit Cost*:	$335,717

Construction Financing

Source	Amount
Citibank, N.A. - T.E. Bonds	$45,180,000
Sponsor Loan	$4,700,585
Deferred Reserve Funding	$950,736
Net Operating Income	$2,216,175
Deferred Developer Fee	$7,771,401
Tax Credit Equity	$1,860,112

Permanent Financing

Source	Amount
Citibank, N.A. - T.E. Bonds	$45,180,000
Sponsor Loan	$4,700,585
Net Operating Income	$2,216,175
Deferred Developer Fee	$5,271,401
Tax Credit Equity	$5,310,848
TOTAL	**$62,679,009**

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

Determination of Credit Amount(s)

Requested Eligible Basis:	$59,580,742
130% High Cost Adjustment:	Yes
Applicable Fraction:	20.09%
Qualified Basis:	$15,564,487
Applicable Rate:	3.25%
Total Maximum Annual Federal Credit:	$505,795
Approved Developer Fee (in Project Cost & Eligible Basis):	$7,771,401
Investor/Consultant:	Alliant Capital
Federal Tax Credit Factor:	$1.05000

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:	$59,580,742
Actual Eligible Basis:	$59,580,742
Unadjusted Threshold Basis Limit:	$50,474,538
Total Adjusted Threshold Basis Limit:	$67,058,319

Adjustments to Basis Limit

Local Development Impact Fees

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 20%

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 is below the minimum operating expenses (See "**Special Issues/Other Significant Information**") established in the Regulations. 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

This project's annual per unit operating expense total is below the TCAC published per unit operating expense minimums of $5,200. As allowed by Regulation Section 10327(g)(1), TCAC approves an annual per unit operating expense total of $4,550 on agreement of the permanent lender and equity investor.

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
$505,795	**$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.