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

Delta Pines Apartments, located at 2301 Sycamore Drive in Antioch, requested and is being recommended for a reservation of $1,448,913 in annual federal tax credits to finance the acquisition and rehabilitation of 185 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by LIH Delta Pines Antioch LLC and is located in Senate District 7 and Assembly District 11.

Delta Pines Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Antioch Sycamore Grove, L.P. (CA-99-813). See **Special Issues/Other Significant Information** below for additional re-syndication information.

Project Number CA-16-992

Project Name Delta Pines Apartments

Site Address:	2301 Sycamore Drive	
	Antioch, CA 94509	County: Contra Costa
Census Tract:	3072.020	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,448,913	$0
Recommended:	$1,448,913	$0

Applicant Information

Applicant:	LIH Delta Pines Antioch LP	
Contact:	Shaoul J. Levy	
Address:	201 Wilshire Blvd., 2nd Floor	
	Santa Monica, CA 90401	
Phone:	310-883-7900	Fax: 310-917-1101
Email:	jacob@levyaffiliated.com	

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

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	21
Total # of Units:	186
No. & % of Tax Credit Units:	185 100.00%
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:	21
Number of Units @ or below 60% of area median income:	164

Bond Information

Issuer:	California Statewide Communities Development Authority
Expected Date of Issuance:	May 1, 2017
Credit Enhancement:	N/A

Information

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

Unit Mix

112	1-Bedroom Units
60	2-Bedroom Units
14	3-Bedroom Units
186	Total Units

Unit Type & Number		2016 Rents Targeted % of Area Median Income	2016 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
6	1 Bedroom	50%	50%	$914
50	1 Bedroom	60%	60%	$1,097
6	1 Bedroom	50%	50%	$914
50	1 Bedroom	60%	60%	$1,097
4	2 Bedrooms	50%	50%	$1,097
28	2 Bedrooms	60%	60%	$1,317
3	2 Bedrooms	50%	50%	$1,097
25	2 Bedrooms	60%	60%	$1,317
1	3 Bedrooms	50%	50%	$1,267
9	3 Bedrooms	60%	60%	$1,521
1	3 Bedrooms	50%	50%	$1,267
2	3 Bedrooms	60%	60%	$1,521
1	3 Bedrooms	Manager’s Unit*	Manager’s Unit*	$0

* See **Special Issues/Other Signifficant Information** section of staff report.

Project Cost Summary at Application

Land and Acquisition	$27,887,048
Construction Costs	$0
Rehabilitation Costs	$8,962,900
Construction Contingency	$878,285
Relocation	$85,000
Architectural/Engineering	$35,000
Const. Interest, Perm. Financing	$2,474,069
Legal Fees, Appraisals	$230,000
Reserves	$628,064
Other Costs	$375,235
Developer Fee	$5,325,026
Commercial Costs	$0
Total	**$46,880,627**

Project Financing

Estimated Total Project Cost:	$46,880,627
Estimated Residential Project Cost:	$46,880,627
Estimated Commercial Project Cost:	$0

Residential

Construction Cost Per Square Foot:	$28
Per Unit Cost:	$252,046
True Cash Per Unit Cost*:	$215,911

Construction Financing

Source	Amount
JPMorgan Chase	$31,671,960
Seller Carryback	$2,500,000
Net Operating Income	$1,806,752
Deferred Developer Fee	$5,298,845
Tax Credit Equity	$4,477,141

Permanent Financing

Source	Amount
Jones Lang LaSalle Multifamily	$22,300,000
Seller Carryback	$2,500,000
Seller Credit	$1,128,936
Net Operating Income	$1,806,752
Deferred Developer Fee	$4,221,135
Tax Credit Equity	$14,923,804
TOTAL	**$46,880,627**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$12,522,408
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$28,302,796
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$16,279,130
Qualified Basis (Acquisition):	$28,302,796
Applicable Rate:	3.25%
Maximum Annual Federal Credit, Rehabilitation:	$529,072
Maximum Annual Federal Credit, Acquisition:	$919,841
Total Maximum Annual Federal Credit:	$1,448,913
Approved Developer Fee (in Project Cost & Eligible Basis):	$5,325,026
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	$1.03000

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:	$40,825,204
Actual Eligible Basis:	$40,825,204
Unadjusted Threshold Basis Limit:	$51,913,472
Total Adjusted Threshold Basis Limit:	$57,623,954

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 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 3.25% 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

Before closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-99-813). 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 01/01/2000 through 12/31/2014. The existing regulatory agreement expires 12/31/2029. The existing regulatory agreement income targeting is all of the units at or below 60% AMI. The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s).

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 $1,128,936. In consideration of requirement of the Short Term Work Capitalized Replacement Reserve, the seller of the project will give a credit in the amount of $1,128,936. As a result of the seller credit, the applicant is allowed to use the Short Term Work Reserve Amount to fund rehabilitation expenses in lieu of setting aside of a Short Term Work Capitalized Reserve and to receive eligible basis for such amount.

The project will consist of two (2) manager units. One manager unit will be occupied by the on-site manager and will be an exempt unit. The other manager unit will be occupied an income-qualified leasing agent or assistant manager.

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

Federal Tax Credits/Annual	State Tax Credits/Total
$1,448,913	**$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.