

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 15, 2017

Camellia Place II, located at 1329 Chattahoochee Lane and 1414 Mississippi Lane in Bakersfield, requested and is being recommended for a reservation of \$165,557 in annual federal tax credits and \$668,087 in total state farmworker credits to finance the new construction of 15 units of housing serving large families with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Corporation for Better Housing and will be located in Senate District 14 and Assembly District 32.

Project Number CA-17-709

Project Name Camellia Place II

Site Address:	<u>Phase V</u> 1329 Chattahoochee Lane Bakersfield, CA 93307	<u>Phase VI</u> 1414 Mississippi Lane Bakersfield, CA 93307
Census Tract:	24.000	24.000
County:	Kern	

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$165,557	\$668,087
Recommended:	\$165,557	\$668,087

*State Farmworker Tax Credits

Applicant Information

Applicant:	Camellia Place 2, L.P.	
Contact:	Lori Koester	
Address:	21031 Ventura Blvd., Suite 200 Woodland Hills, CA 91364	
Phone:	818-905-2430	Fax: 818-905-2440
Email:	lkoester@corpoffices.org	

General Partner(s) or Principal Owner(s):	Corporation for Better Housing Integrated Community Development
General Partner Type:	Joint Venture
Parent Company(ies):	Corporation for Better Housing Integrated Community Development
Developer:	Corporation for Better Housing
Investor/Consultant:	Alliant Capital, Ltd.
Management Agent:	Domus Management Co.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 16
 Total # of Units: 16
 No. & % of Tax Credit Units: 15 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt/HOME
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 3
 Number of Units @ or below 60% of area median income: 12

Bond Information

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

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Diane SooHoo

Unit Mix

5 3-Bedroom Units
 11 4-Bedroom Units

 16 Total Units

<u>Unit Type & 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>
<u>Phase V</u>			
1 4 Bedroom	50%	50%	\$855
3 3 Bedrooms	60%	60%	\$919
7 4 Bedrooms	60%	60%	\$1,026
1 3 Bedroom	Manager's Unit	Manager's Unit	\$0
<u>Phase VI</u>			
1 3 Bedroom	50%	50%	\$766
1 4 Bedroom	50%	50%	\$855
2 4 Bedrooms	60%	60%	\$1,026

Projected Lifetime Rent Benefit: \$2,011,020

Project Cost Summary at Application

Land and Acquisition	\$430,000
Construction Costs	\$3,313,082
Rehabilitation Costs	\$0
Construction Contingency	\$165,655
Relocation	\$0
Architectural/Engineering	\$85,000
Const. Interest, Perm. Financing	\$403,210
Legal Fees, Appraisals	\$116,850
Reserves	\$34,595
Other Costs	\$755,157
Developer Fee	\$670,629
Commercial Costs	\$0
Total	\$5,974,178

Project Financing

Estimated Total Project Cost:	\$5,974,178
Estimated Residential Project Cost:	\$5,974,178
Estimated Commercial Project Cost:	\$0

Residential

Construction Cost Per Square Foot:	\$170
Per Unit Cost:	\$373,386
True Cash Per Unit Cost*:	\$341,117

Construction Financing

Source	Amount
Pacific Western Bank - T.E. Bonds	\$4,700,000
Seller Carryback	\$430,000
Tax Credit Equity	\$457,840

Permanent Financing

Source	Amount
Pacific Western Bank	\$599,000
Kern County - HOME	\$3,050,784
Seller Carryback	\$430,000
Deferred Developer Fee	\$86,311
Tax Credit Equity	\$1,808,083
TOTAL	\$5,974,178

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$5,141,510
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$5,141,510
Applicable Rate:	3.22%
Total Maximum Annual Federal Credit:	\$165,557
Total State Farmworker Credit:	\$668,087
Approved Developer Fee (in Project Cost & Eligible Basis):	\$670,629
Investor/Consultant:	Alliant Capital, Ltd.
Federal Tax Credit Factor:	\$0.85000
State Tax Credit Factor:	\$0.60000

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:	\$5,141,510
Actual Eligible Basis:	\$5,141,510
Unadjusted Threshold Basis Limit:	\$6,237,082
Total Adjusted Threshold Basis Limit:	\$7,484,498

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: 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 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 3.22% 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 is a new construction and will consist of 2 scattered-sites.

Local Reviewing Agency

The Local Reviewing Agency, Housing Authority of the County of Kern, 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:

Federal Tax Credits/Annual
\$165,557

State Farmworker Tax Credits/Total
\$668,087

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.