CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 16, 2017
REVISED

Park Glenn Seniors, located at 111 Holly Drive in Camarillo, requested and is being recommended for a reservation of $135,837 in annual federal tax credits to finance the acquisition and rehabilitation of 17 units of housing serving seniors with rents affordable to households earning 50-55% of area median income (AMI). The project will be developed by PGS 2017 Holdings LLC and is located in Senate District 19 and Assembly District 44.

Park Glenn Seniors is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Park Glenn Senior Apartments (CA-2000-870). See **Special Issues/Other Significant Information** below for additional re-syndication information.

Project Number CA-17-737

Project Name Park Glenn Seniors
Site Address: 111 Holly Drive
Camarilo, CA 93010 County: Ventura
Census Tract: 56.00

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$135,837	$0
Recommended:	$135,837	$0

Applicant Information
Applicant: Park Glenn Seniors 2017 LP
Contact: Chris Burns
Address: 230 Newport Center Drive, # 210
Newport Beach, CA 92660
Phone: 949-719-1888 Fax: 949-719-1897
Email: cburns@kdfcommunities.com

General Partner(s) or Principal Owner(s): AHA Ventura MGP LLC
PGS 2017 Holdings LLC
General Partner Type: Joint Venture
Parent Company(ies): Affordable Housing Access, Inc.
KDF Communities LLC
Developer: PGS 2017 Holdings LLC
Investor/Consultant: R4 Capital
Management Agent: VPM Management Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation	
Total # Residential Buildings:	3	
Total # of Units:	18	
No. & % of Tax Credit Units:	17	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: 2

Number of Units @ or below 60% of area median income: 15

Bond Information

Issuer:	CSCDA
Expected Date of Issuance:	June 1, 2017
Credit Enhancement:	N/A

Information

Housing Type:	Seniors
Geographic Area:	Central Coast Region
TCAC Project Analyst:	Lucy Vang

Unit Mix

18 1-Bedroom Units

18 Total Units

Unit Type & Number		2017 Rents Targeted % of Area Median Income	2017 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
15	1 Bedroom	55%	55%	$1,031
2	1 Bedroom	50%	50%	$937
1	1 Bedroom	Manager's Unit	Manager's Unit	$1,000

Projected Lifetime Rent Benefit: $3,333,000

Project Cost Summary at Application

Land and Acquisition	$3,280,000
Construction Costs	$0
Rehabilitation Costs	$606,799
Construction Contingency	$60,680
Relocation	$5,600
Architectural/Engineering	$23,400
Const. Interest, Perm. Financing	$343,008
Legal Fees, Appraisals	$165,000
Reserves	$48,400
Other Costs	$131,429
Developer Fee	$505,000
Commercial Costs	$0
Total	**$5,169,316**

Project Financing

Estimated Total Project Cost:	$5,169,316
Estimated Residential Project Cost:	$5,169,316
Estimated Commercial Project Cost:	$0

Residential

Construction Cost Per Square Foot:	$50
Per Unit Cost:	$287,184
True Cash Per Unit Cost*:	$194,052

Construction Financing

Source	Amount
R4 Capital Funding	$2,500,000
Seller Carryback	$1,550,000
Tax Credit Equity	$441,055

Permanent Financing

Source	Amount
R4 Capital Funding	$1,680,000
City Loan (Assumed Debt)	$275,000
Seller Carryback	$1,550,000
Project Cash Flow	$184,995
General Partner Equity	$28,526
Deferred Developer Fee	$126,388
Tax Credit Equity	$1,324,407
TOTAL	**$5,169,316**

*Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$1,089,356
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$2,790,855
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$1,416,163
Qualified Basis (Acquisition):	$2,790,855
Applicable Rate:	3.25%
Maximum Annual Federal Credit, Rehabilitation:	$45,134
Maximum Annual Federal Credit, Acquisition:	$90,703
Total Maximum Annual Federal Credit:	$135,837
Approved Developer Fee in Project Cost:	$505,000
Approved Developer Fee in Eligible Basis:	$501,708
Investor/Consultant:	R4 Capital
Federal Tax Credit Factor:	$0.97500

Per Regulation Section 10327(c)(6), 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:	$3,880,211
Actual Eligible Basis:	$3,880,211
Unadjusted Threshold Basis Limit:	$4,428,846
Total Adjusted Threshold Basis Limit:	$4,909,125

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

Prior to closing, the applicant or its assignee shall obtain TCAC's consent to assign and assume the existing Regulatory Agreement (CA-2000-870). 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 17 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).

This project is the resyndication of an existing tax credit project, CA-2000-870, which is under a 30-year TCAC extended use agreement. The new reservation of tax credits will result in moderately deeper rent/income targeting than the original award of tax credits by targeting 2 units at 50% AMI and 15 units at 55% AMI. The affordable housing restrictions will extend out to approximately year 2072.

The project is a resyndication occurring concurrently with a Transfer Event with distribution of Net Project Equity. The rehabilitation scope of work shall include all of the Short Term Work in the amount of $28,526. There is a general partner equity contribution of at least $28,526, allowing the applicant to receive eligible basis for the entire Short Term Work amount.

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
$135,837	**$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