

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2011 First Round**  
**June 22, 2011**

**Project Number** CA-2011-848

**Project Name** Hillview Ridge Apartments II  
 Site Address: SE Corner of Executive Parkway & Gilmore Lane  
 Oroville, CA 95965 County: Butte  
 Census Tract: 27.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$455,405	\$1,741,253
Recommended:	\$455,405	\$1,741,253

**Applicant Information**

Applicant: Oroville Pacific Associates II, a California limited partnership  
 Contact: Caleb Roope  
 Address: 430 E. State Street, Suite 100  
 Eagle, ID 83616  
 Phone: 208.461.0022 Fax: 208.461.3267  
 Email: calebr@tpchousing.com

General partner(s) or principal owner(s): Central Valley Coalition for Affordable Housing  
 Roope, LLC  
 General Partner Type: Joint Venture  
 Developer: Pacific West Communities, Inc.  
 Investor/Consultant: Boston Capital  
 Management Agent: Cambridge Real Estate Services

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 7  
 Total # of Units: 57  
 No. & % of Tax Credit Units: 56 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: USDA RD Section 515 / Section 521 Rental Assistance (50% - 28 units)  
 HOME / CDBG  
 Affordability Breakdown by % (Lowest Income Points):  
 30% AMI: 10 %  
 50% AMI: 35 %  
 55% AMI (Rural): 40 %

**Bond Information**

Issuer: CSCDA  
 Expected Date of Issuance: August 2011  
 Credit Enhancement: Citibank as Freddie Mac delegated lender

**Information**

Set-Aside: N/A  
 Housing Type: Large Family  
 Geographic Area: Capital and Northern Region  
 TCAC Project Analyst: Gina Ferguson

**Unit Mix**

16 2-Bedroom Units  
 33 3-Bedroom Units  
 8 4-Bedroom Units  


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 57 Total Units

<u>Unit Type &amp; Number</u>	<u>2010 Rents Targeted</u>	<u>2010 Rents Actual</u>	<u>Proposed</u>
	<u>% of Area Median</u>	<u>% of Area Median</u>	<u>Rent</u>
	<u>Income</u>	<u>Income</u>	<u>(including</u>
			<u>utilities)</u>
1 2 Bedrooms	30%	30%	\$380
7 2 Bedrooms	50%	50%	\$633
8 2 Bedrooms	55%	55%	\$697
4 3 Bedrooms	30%	30%	\$439
10 3 Bedrooms	50%	50%	\$732
18 3 Bedrooms	55%	55%	\$805
1 4 Bedrooms	30%	30%	\$490
3 4 Bedrooms	50%	50%	\$817
4 4 Bedrooms	55%	55%	\$899
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$14,526,239

**Residential**

Construction Cost Per Square Foot: \$122  
 Per Unit Cost: \$254,846

**Construction Financing**

**Permanent Financing**

<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank, N.A.	\$8,000,000	Citibank, N.A.	\$1,400,000
City of Oroville - HOME	\$2,500,000	USDA RD Section 515	\$1,000,000
City of Oroville - RDA	\$1,000,000	City of Oroville - HOME	\$5,000,000
City of Oroville - CDBG	\$825,000	City of Oroville - RDA	\$1,000,000
Deferred Costs	\$100,041	City of Oroville - CDBG	\$825,000
Deferred Developer Fee	\$1,200,000	Deferred Developer Fee	\$340,500
Tax Credit Equity	\$901,198	Tax Credit Equity	\$4,960,739
		<b>TOTAL</b>	<b>\$14,526,239</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$13,394,256
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$13,394,256
Applicable Rate:	3.40%
Total Maximum Annual Federal Credit:	\$455,405
Total State Credit:	\$1,741,253
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,200,000
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.85991
State Tax Credit Factor:	\$0.59994

Per Regulation Section 10322(i)(4)(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:	\$13,394,256
Actual Eligible Basis:	\$13,394,256
Unadjusted Threshold Basis Limit:	\$15,322,560
Total Adjusted Threshold Basis Limit:	\$27,757,103

**Adjustments to Basis Limit:**

Required to Pay Prevailing Wages

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 35%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 20%

**Tie-Breaker Information**

Final: N/A

**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 were below the minimum operating expenses established in the Regulations (see Additional Conditions below), and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.40% 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:** None

**Legal Status:** Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**Local Reviewing Agency:**

The Local Reviewing Agency, the City of Oroville, 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:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$455,405</b>	<b>\$1,741,253</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.

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 180-Day Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

**Additional Conditions:**

Staff noted that the annual operating expenses were less than the minimum operating expenses established in the Regulations by a minimal amount and require that an adjustment be made in the updated application pages by Final Reservation showing that the minimum has been met. This project is rural as defined by TCAC Regulations, utilized the rural status for point scoring purposes, and is held to the rural operating expense minimums.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 500 ft of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	0
Within 1,500 ft of a regular bus stop or rapid transit system stop	3	0	3
Within 1 mile of public park or community center open to general public	2	2	2
Within 1 mile of public library	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Large Family proj. w/i 1 mile of public school project children may attend	2	2	2
Within 1 mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES</b>			
Adult ed/health & wellness/skill bldg classes, min 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
<b>Sustainable Building Methods</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>NEW CONSTRUCTION/ADAPTIVE REUSE</b>			
Develop project in accordance w/ requirements of: GreenPoint Rated	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 17.5%	2	2	2
Develop project to requirements of: GreenPoint Rated Multifamily 100	3	3	3
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Total Points</b>	<b>126</b>	<b>126</b>	<b>126</b>

**Please Note:** If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**