

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2012 Second Round**

**October 10, 2012**

**Project Number** CA-12-235

**Project Name** Colina Vista Apartments  
Site Address: 432 North Main Street  
Piru, CA 93040 County: Ventura  
Census Tract: 2.000

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$556,517	\$0
Recommended:	\$541,300	\$0

**Applicant Information**

Applicant: Area Housing Authority of the County of Ventura  
Contact: Douglas Tapking  
Address: 1400 West Hillcrest Drive  
Newbury Park, CA 91320  
Phone: (805) 480-9991 Fax: (805) 480-1021  
Email: dtapking@ahacv.org

General partner(s) or principal owner(s): Area Housing Authority of the County of Ventura  
General Partner Type: Nonprofit  
Developer: Area Housing Authority of the County of Ventura  
Investor/Consultant: Union Bank, N.A.  
Management Agent: Area Housing Authority of the County of Ventura

**Project Information**

Construction Type: Rehabilitation-Only  
Total # Residential Buildings: 13  
Total # of Units: 35  
No. & % of Tax Credit Units: 34 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: None  
Affordability Breakdown by Units and % (Lowest Income Points):  
30% AMI: 11 30 %  
40% AMI: 17 50 %  
50% AMI (Rural): 6 15 %

**Information**

Set-Aside: Rural  
Housing Type: Large Family  
Geographic Area: N/A  
TCAC Project Analyst: Nicola Hil

**Unit Mix**

30 3-Bedroom Units
<u>5 4-Bedroom Units</u>
35 Total Units

<u>Unit Type &amp; Number</u>	<u>2012 Rents Targeted % of Area Median Income</u>	<u>2012 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
9 3 Bedrooms	30%	30%	\$696
17 3 Bedrooms	40%	40%	\$929
4 3 Bedrooms	50%	50%	\$1,161
2 4 Bedrooms	30%	30%	\$777
2 4 Bedrooms	50%	50%	\$1,295
1 4 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost:	\$8,769,577	Construction Cost Per Square Foot:	\$68
		Per Unit Cost:	\$254,559

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Union Bank, N.A.	\$4,416,000	Union Bank, N.A.	\$900,000
HCD - RHCP	\$2,699,617	HCD - RHCP	\$2,699,617
AHACV GP Loan	\$190,000	AHACV GP Loan	\$190,000
Deferred Developer Fee	\$579,968	Tax Credit Equity	\$4,979,960
Tax Credit Equity	\$1,023,992	<b>TOTAL</b>	<b>\$8,769,577</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$4,756,559
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$6,183,527
Applicable Rate:	9.00%
Maximum Annual Federal Credit, Rehabilitation:	\$541,300
Approved Developer Fee (in Project Cost & Eligible Basis):	\$633,230
Investor/Consultant:	Union Bank, N.A.
Federal Tax Credit Factor:	\$0.92000

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:	\$4,756,559
Actual Eligible Basis:	\$4,854,765
Unadjusted Threshold Basis Limit:	\$10,198,720
Total Adjusted Threshold Basis Limit:	\$10,198,720

**Adjustments to Basis Limit:** None

**Tie-Breaker Information**

First:	<b>Large Family</b>
Second:	<b>47.970%</b>

**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 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.20%. 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:**

Staff noted the preliminary architectural drawings did not identify dishwashers which must be available in every unit upon completion of the project prior to the issuance of federal and state tax forms.

This project is a re-syndication of CA-1993-053, which has an existing Regulatory Agreement with a 55 year term. Per Section 10322(k) of the TCAC Regulations the project is "prohibited from receiving any tax credits derived from acquisition basis." While the developer did voluntarily exclude the acquisition basis when determining the total tax credit award, the total developer fee initially included 5% derived from acquisition cost in basis. Accordingly, TCAC staff reduced the developer fee to only include the portion derived from rehabilitation basis resulting in a small reduction in the recommended tax credit amount.

**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, County of Ventura, 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>\$541,300</b>	<b>\$0</b>

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation, any Readiness to Proceed 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 performance deposit and allocation 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:** None

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Public Funds	20	20	20
<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 ¼ mile of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Large Family proj. w/i ¼ mile of public elem. school project children may attend	3	3	3
In-unit high speed internet service	3	3	3
<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, minimum 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>REHABILITATION</b>			
Rehabilitate to improve energy efficiency (change in HERS II rating): 25%	7	7	7
Additional rehab measures: PV generation that offsets either 50% of energy	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>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>148</b>	<b>148</b>	<b>148</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.**