

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**October 15, 2014**

**Project Number** CA-14-889

**Project Name** Glenview Apartments  
 Site Address: 2361 Bass Lake Road  
 Cameron Park, CA 95682 County: El Dorado  
 Census Tract: 308.080

| <b>Tax Credit Amounts</b> | <b>Federal/Annual</b> | <b>State/Total</b> |
|---------------------------|-----------------------|--------------------|
| Requested:                | \$273,305             | \$0                |
| Recommended:              | \$273,305             | \$0                |

**Applicant Information**

Applicant: Glenview Cameron Park AR, L.P.  
 Contact: Thomas Erickson  
 Address: 330 W. Victoria Street  
 Gardena, CA 90248  
 Phone: 424-258-2918 Fax: 424-258-2919  
 Email: thomas.erickson@housingpartners.com

General Partner(s) or Principal Owner(s): WCH Affordable XI, LLC  
 HCHP Affordable Multi-Family, LLC  
 General Partner Type: Joint Venture  
 Parent Company(ies): Western Community Housing, Inc.  
 Highridge Costa Housing Partners. LLC  
 Developer: Highridge Costa Housing Partners, LLC  
 Investor/Consultant: Victoria Capital, LLC  
 Management Agent: ConAm Property Management Company

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 11  
 Total # of Units: 88  
 No. & % of Tax Credit Units: 87 100.00%  
 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: 36  
 Number of Units @ or below 60% of area median income: 51

**Bond Information**

Issuer: California Statewide Communities Development Authority  
 Expected Date of Issuance: December 1, 2014  
 Credit Enhancement: No

**Information**

Housing Type: Large Family  
 Geographic Area: Capital and Northern Region  
 TCAC Project Analyst: Mayra Lozano

**Unit Mix**

40 2-Bedroom Units  
 48 3-Bedroom Units  


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 88 Total Units

| <u>Unit Type &amp; Number</u> | <u>2014 Rents Targeted<br/>% of Area Median<br/>Income</u> | <u>2014 Rents Actual<br/>% of Area Median<br/>Income</u> | <u>Proposed<br/>Rent<br/>(including<br/>utilities)</u> |
|-------------------------------|------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------|
| 16 2 Bedrooms                 | 50%                                                        | 44%                                                      | \$685                                                  |
| 24 2 Bedrooms                 | 60%                                                        | 55%                                                      | \$856                                                  |
| 20 3 Bedrooms                 | 50%                                                        | 44%                                                      | \$791                                                  |
| 27 3 Bedrooms                 | 60%                                                        | 55%                                                      | \$989                                                  |
| 1 3 Bedrooms                  | Manager's Unit                                             | Manager's Unit                                           | \$869                                                  |

**Project Financing**

Estimated Total Project Cost: \$9,582,356  
 Estimated Residential Project Cost: \$9,582,356

**Residential**

Construction Cost Per Square Foot: \$11  
 Per Unit Cost: \$108,890

**Construction Financing**

| <u>Source</u>                  | <u>Amount</u> |
|--------------------------------|---------------|
| America First TE Investors, LP | \$6,722,849   |
| Seller Carryback               | \$1,350,371   |
| Construction Period Income     | \$87,856      |
| Deferred Costs                 | \$1,290,722   |
| Tax Credit Equity              | \$130,558     |

**Permanent Financing**

| <u>Source</u>                  | <u>Amount</u>      |
|--------------------------------|--------------------|
| America First TE Investors, LP | \$4,645,452        |
| Seller Carryback               | \$1,350,371        |
| Construction Period Income     | \$87,856           |
| Deferred Developer Fee         | \$1,038,938        |
| Tax Credit Equity              | \$2,459,739        |
| <b>TOTAL</b>                   | <b>\$9,582,356</b> |

**Determination of Credit Amount(s)**

|                                                            |                       |
|------------------------------------------------------------|-----------------------|
| Requested Eligible Basis (Rehabilitation):                 | \$1,438,408           |
| 130% High Cost Adjustment:                                 | No                    |
| Requested Eligible Basis (Acquisition):                    | \$6,946,000           |
| Applicable Fraction:                                       | 100.00%               |
| Qualified Basis (Rehabilitation):                          | \$1,438,408           |
| Qualified Basis (Acquisition):                             | \$6,946,000           |
| Applicable Rate:                                           | 3.36%                 |
| Maximum Annual Federal Credit, Rehabilitation:             | \$39,919              |
| Maximum Annual Federal Credit, Acquisition:                | \$233,386             |
| Total Maximum Annual Federal Credit:                       | \$273,305             |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$1,093,705           |
| Investor/Consultant:                                       | Victoria Capital, LLC |
| Federal Tax Credit Factor:                                 | \$0.90000             |

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:  | \$8,384,408  |
| Actual Eligible Basis:                | \$8,384,408  |
| Unadjusted Threshold Basis Limit:     | \$23,047,168 |
| Total Adjusted Threshold Basis Limit: | \$32,496,507 |

**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: 41%

**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 meets 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 3.36% 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 re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Glenview Apartments, (CA-96-114).

**Local Reviewing Agency:**

The Local Reviewing Agency, El Dorado Community Development Agency Planning Services, 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>\$273,305</b>                  | <b>\$0</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.

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