

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 20, 2015

Project Number CA-15-839

Project Name Seasons at Simi Valley
 Site Address: 1662 Rory Lane
 Simi Valley, CA 93063 County: Ventura
 Census Tract: 83.040

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$278,298	\$0
Recommended:	\$278,298	\$0

Applicant Information

Applicant: Seasons Simi Valley 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): LINC-Gardena Associates, LLC
 HCHP Affordable Multi-Family, LLC

General Partner Type: Joint Venture

Parent Company(ies): LINC Housing Corporation
 Highridge Costa Housing Partners, LLC

Developer: Highridge Costa Housing Partners, LLC

Investor/Consultant: Victoria Capital, LLC

Management Agent: Western National Property Management

Project Information

Construction Type: Acquisition & Rehabilitation

Total # Residential Buildings: 6

Total # of Units: 69

No. & % of Tax Credit Units: 68 100.00%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: Tax-Exempt

HCD MHP Funding: No

Number of Units @ or below 50% of area median income: 28

Number of Units @ or below 60% of area median income: 40

Bond Information

Issuer: Golden State Finance Authority
 Expected Date of Issuance: May 20, 2015
 Credit Enhancement: N/A

Information

Housing Type: Seniors
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Daniel Tran

Unit Mix

56 1-Bedroom Units
 13 2-Bedroom Units

 69 Total Units

<u>Unit Type & Number</u>	<u>2015 Rents Targeted % of Area Median Income</u>	<u>2015 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
24 1 Bedroom	50%	34%	\$575
4 2 Bedrooms	50%	35%	\$705
32 1 Bedroom	60%	43%	\$737
8 2 Bedrooms	60%	44%	\$890
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$668

Project Cost Summary at Application

Land and Acquisition	\$7,200,000
Construction Costs	\$0
Rehabilitation Costs	\$929,100
Construction Contingency	\$43,195
Relocation	\$0
Architectural/Engineering	\$56,950
Construction Interest, Perm Financing	\$470,245
Legal Fees, Appraisals	\$130,000
Reserves	\$161,575
Other Costs	\$65,155
Developer Fee	\$1,091,394
Commercial Costs	\$0
Total	\$10,147,614

Project Financing

Estimated Total Project Cost:	\$10,147,614
Estimated Residential Project Cost:	\$10,147,614

Residential

Construction Cost Per Square Foot:	\$23
Per Unit Cost:	\$147,067

Construction Financing

Source	Amount
America First Tax Exempt Investors	\$6,320,000
Golden State Financing Authority Loan	\$150,000
Seller Carryback Note	\$2,059,508
Income During Rehabilitation	\$170,781
Deferred Costs	\$1,299,602
Tax Credit Equity	\$147,723

Permanent Financing

Source	Amount
America First Tax Exempt Investors	\$4,375,826
Golden State Financing Authority Loan	\$150,000
Seller Carryback Note	\$2,059,508
Income During Rehabilitation	\$170,781
Deferred Developer Fee	\$886,824
Tax Credit Equity	\$2,504,675
TOTAL	\$10,147,614

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$1,283,356
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$7,084,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$1,668,363
Qualified Basis (Acquisition):	\$7,084,000
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$44,526
Maximum Annual Federal Credit, Acquisition:	\$233,772
Total Maximum Annual Federal Credit:	\$278,298
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,091,394
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:	\$8,367,356
Actual Eligible Basis:	\$8,367,356
Unadjusted Threshold Basis Limit:	\$18,302,592
Total Adjusted Threshold Basis Limit:	\$25,806,655

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 meet 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 3.30% 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 is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Seasons at Simi Valley CA-1997-126.

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
\$278,298	\$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