CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 16, 2015

Delta View Apartments, located at 3915 Delta Fair Blvd. in Antioch, requested and is being recommended for a reservation of $1,099,456 in annual federal tax credits to finance the acquisition and rehabilitation of 203 units of housing serving large families with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by ROEM Development Corporation and is located in Senate District 7 and Assembly District 11.

Delta View Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) project, Delta View Apartments (CA-99-869). See **Special Issues/Other Signficant Information** below for additional resyndication information.

Project Number	CA-15-936	
Project Name	Delta View Apartments	
Site Address:	3915 Delta Fair Blvd.	
	Antioch, CA 94509	County: Contra Costa
Census Tract:	3072.010	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,099,456	$0
Recommended:	$1,099,456	$0

Applicant Information

Applicant:	ROEM Development Corporation	
Contact:	Derek Allen	
Address:	1650 Lafayette Street	
	Santa Clara, CA 95050	
Phone:	(408) 984-5600	Fax: (408) 984-3111
Email:	dallen@roemcorp.com	

General Partner(s) or Principal Owner(s):	PacH Affordable Holdings, LLC
	ROEM Delta View Family, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Pacific Housing, Inc.
	ROEM Development Corporation
Developer:	ROEM Development Corporation
Investor/Consultant:	Aegon
Management Agent:	FPI Management, Inc.

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	30
Total # of Units:	205
No. & % of Tax Credit Units:	203 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt
55-Year Use/Affordability:	Yes
Number of Units @ or below 50% of area median income:	21
Number of Units @ or below 60% of area median income:	182

Bond Information

Issuer:	California Statewide Communities Development Authority
Expected Date of Issuance:	February 1, 2016
Credit Enhancement:	No

Information

Housing Type:	Large Family
Geographic Area:	North and East Bay Region
TCAC Project Analyst:	Mayra Lozano

Unit Mix

205	2-Bedroom Units
205	Total Units

Unit Type & Number		2015 Rents Targeted % of Area Median Income	2015 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
182	2 Bedrooms	60%	60%	$1,255
21	2 Bedrooms	50%	50%	$1,046
2	2 Bedrooms	Manager’s Unit	Manager’s Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$22,050,000
Construction Costs	$0
Rehabilitation Costs	$7,757,753
Construction Contingency	$0
Relocation	$902,000
Architectural/Engineering	$30,000
Construction Interest, Perm Financing	$1,419,731
Legal Fees, Appraisals	$145,000
Reserves	$613,999
Other Costs	$427,799
Developer Fee	$2,500,000
Commercial Costs	$0
Total	**$35,846,282**

Project Financing	
Estimated Total Project Cost:	$35,846,282
Estimated Residential Project Cost:	$35,846,282

Residential	
Construction Cost Per Square Foot:	$51
Per Unit Cost:	$174,860

Construction Financing

Source	Amount
Citibank	$25,663,644
Net Operating Income	$1,374,821
Deferred Operating Reserve	$613,999
Deferred Developer Fee	$2,118,616
Tax Credit Equity	$6,075,202

Permanent Financing

Source	Amount
Citibank	$21,500,086
Net Operating Income	$1,374,821
Deferred Developer Fee	$1,413,894
Tax Credit Equity	$11,557,481
TOTAL	**$35,846,282**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$10,305,872
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$20,967,563
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$13,397,634
Qualified Basis (Acquisition):	$20,967,563
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$407,526
Maximum Annual Federal Credit, Acquisition:	$691,930
Total Maximum Annual Federal Credit:	$1,099,456
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,500,000
Investor/Consultant:	Aegon
Federal Tax Credit Factor:	$1.05120

Per Regulation Section 10322(h)(9)(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:	$31,273,435
Actual Eligible Basis:	$31,273,435
Unadjusted Threshold Basis Limit:	$57,072,000
Total Adjusted Threshold Basis Limit:	$62,779,200

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: 10%

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 exceeds 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
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 January 1 of the owner's elected first year of credit through December 31 of the 15th year. The existing regulatory agreement expires 12/31/2029. The existing regulatory agreement income targeting is 203 units at 60% AMI.

The applicant has requested and has been granted a waiver to reduce the ten percent (10%) mobility features accessibility requirement under TCAC Regulation Section 10325(f)(7)(K) down to five percent (5%).

Local Reviewing Agency
The Local Reviewing Agency, City of Antioch, 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:

Federal Tax Credits/Annual	State Tax Credits/Total
$1,099,456	**$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: The applicant/owner is required to provide the tenants with the following service amenities free of charge for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC:

- After school program on-site for a minimum of 10 hours per week
- After school program off-site within 1/2 mile for a minimum of 10 hours per week
- Instructor-led educational classes, health and wellness or skill-building classes off-site within 1/2 mile for a minimum of 84 hours per year

The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to improve energy efficiency above the modeled energy consumption of the building(s) by a 15% decrease, based on an estimated annual energy use, in the buildings Home Energy Rating System II (HERSII) post rehabilitation.