CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 16, 2016

Barrett Plaza, located at 510 Barrett Avenue and 515 7th Street in Richmond, requested and is being recommended for a reservation of $912,071 in annual federal tax credits to finance the acquisition and rehabilitation of 58 units of housing serving tenants with rents affordable to households earning 50% of area median income (AMI). The project will be developed by Community Housing Development Corporation and is located in Senate District 9 and Assembly District 15.

The project will be receiving rental assistance in the form of a HUD Section 8 Project-based Contract.

Project Number	CA-16-827	
Project Name	Barrett Plaza	
Site Address:	510 Barrett Avenue and 515 7th Street	
	Richmond, CA 94801	County: Contra Costa
Census Tract:	3760.000	

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$912,071	$0
Recommended:	$912,071	$0

Applicant Information

Applicant:	Barrett Plaza Housing, L.P.	
Contact:	Donald Gilmore	
Address:	1535 Fred Jackson Way, Suite A	
	Richmond, CA 94801	
Phone:	(510) 412-9290	Fax: (510) 215-9276
Email:	dgilmore@chdcnr.com	

General Partner(s) or Principal Owner(s):	CHDC Barrett Plaza, LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Community Housing Development Corporation
Developer:	Community Housing Development Corporation
Investor/Consultant:	California Housing Partnership Corporation
Management Agent:	North Richmond Economic Development Corporation

Project Information

Construction Type:	Acquisition & Rehabilitation
Total # Residential Buildings:	14
Total # of Units:	58
No. & % of Tax Credit Units:	57 100.00%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	Tax-Exempt / HUD Section 8 Project-based Contract (57 units - 100%)
HCD MHP Funding:	No
55-Year Use/Affordability:	Yes

Number of Units @ or below 50% of area median income: 57

Bond Information

Issuer:	CA Municipal Finance Authority
Expected Date of Issuance:	July 1, 2016
Credit Enhancement:	N/A

Information

Housing Type:	Non-Targeted
Geographic Area:	North and East Bay Region
TCAC Project Analyst:	Connie Harina

Unit Mix

47	3-Bedroom Units
11	4-Bedroom Units
58	Total Units

Unit Type & Number		2015 Rents Targeted % of Area Median Income	2015 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
46	3 Bedrooms	50%	50%	$1,208
11	4 Bedrooms	50%	50%	$1,347
1	3 Bedrooms	Manager's Unit	Manager's Unit	$0

Project Cost Summary at Application	
Land and Acquisition	$15,160,228
Construction Costs	$0
Rehabilitation Costs	$4,625,288
Construction Contingency	$929,916
Relocation	$800,000
Architectural/Engineering	$475,000
Const. Interest, Perm Financing	$1,031,692
Legal Fees, Appraisals	$203,089
Reserves	$626,344
Other Costs	$1,013,358
Developer Fee	$2,500,000
Commercial Costs	$0
Total	**$27,364,915**

Project Financing	
Estimated Total Project Cost:	$27,364,915
Estimated Residential Project Cost:	$27,364,915

Residential	
Construction Cost Per Square Foot:	$60
Per Unit Cost:	$471,809

Construction Financing

Source	Amount
Citibank	$15,700,000
Seller Financing	$9,433,135
Accrued/Deferred Interest	$528,457
Deferred Developer Fee	$545,756
General Partner Equity	$100
Tax Credit Equity	$862,158

Permanent Financing

Source	Amount
Citibank	$6,102,000
Seller Financing	$9,433,135
Accrued/Deferred Interest	$528,457
CHDC General Partner Loan	$800,000
Income From Operations	$145,890
Deferred Developer Fee	$545,756
General Partner Equity	$100
Tax Credit Equity	$9,809,577
TOTAL	**$27,364,915**

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$8,695,251
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$16,334,697
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$11,303,827
Qualified Basis (Acquisition):	$16,334,697
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	$373,026
Maximum Annual Federal Credit, Acquisition:	$539,045
Total Maximum Annual Federal Credit:	$912,071
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,500,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	$1.07553

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:	$25,029,948
Actual Eligible Basis:	$25,029,948
Unadjusted Threshold Basis Limit:	$21,115,522
Total Adjusted Threshold Basis Limit:	$42,231,044

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: 100%

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 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

Pursuant to TCAC Regulation Section 10326(g)(5) general partner and management companies lacking documented experience with Section 42 requirements using the minimum scoring standards at Section 10325(c)(2)(A) and (B) shall be required to complete training as prescribed by TCAC prior to a project's placing in service. The management company, North Richmond Economic Development Corporation, shall complete training as prescribed by TCAC prior to a project's placing in service.

Local Reviewing Agency

The Local Reviewing Agency, the City of Richmond - Housing & Community Development, 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**
$912,071	**$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 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 will commit to having at least one (1) nonsmoking building. If the project only has one (1) building, it will be subject to a policy developed by the Sponsor that prohibits smoking in contiguous designated units. These restrictions will be incorporated into the lease agreements for the appropriate units.
- The project will commit to having a parking ratio equivalent to or less than 1 parking stall per single room occupancy or one-bedroom restricted rental unit and 1.5 parking stalls per two-bedroom or larger restricted rental unit.