

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

July 20, 2016

REVISED

Villages at Westview - Phase 1, located at 231 W. Vince Street in Ventura, requested and is being recommended for a reservation of \$1,963,103 in annual federal tax credits to finance the new construction of 130 units of housing serving large families with rents affordable to households earning 50-60% of area median income (AMI). The project will be co-developed by MCB Family Housing, Inc. and Homecomings, Inc. and will be located in Senate District 37 and Assembly District 19.

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

Project Number CA-16-905

Project Name Villages at Westview - Phase 1
Site Address: 231 W. Vince Street
Ventura, CA 93001 County: Ventura
Census Tract: 23.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,963,103	\$0
Recommended:	\$1,963,103	\$0

Applicant Information

Applicant: Villages at Westview I, L.P.
Contact: Kim McKay
Address: 20321 Irvine Avenue, Suite F-1
Newport Beach, CA 92660
Phone: 949-229-7071 Fax: 949-274-7688
Email: kmckay@bridgehousing.com

General Partner(s) or Principal Owner(s): Villages at Westview 1, LLC
General Partner Type: Nonprofit
Parent Company(ies): BRIDGE Housing Corporation
Housing Authority of the City of San Buenaventura
Developer: BRIDGE Housing Corporation
Housing Authority of the City of San Buenaventura
Investor/Consultant: California Housing Partnership Corporation
Management Agent: Housing Authority of the City of San Buenaventura

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 18
 Total # of Units: 131
 No. & % of Tax Credit Units: 130 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD RAD Project-based Contract (72 units - 55%)
 HUD Section 8 Project-based Vouchers (59 units - 45%)
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 72
 Number of Units @ or below 60% of area median income: 58

Bond Information

Issuer: Housing Authority of the City of San Buenaventura
 Expected Date of Issuance: December 1, 2016
 Credit Enhancement: N/A

Information

Housing Type: Large Family
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Lucy Vang

Unit Mix

19 1-Bedroom Units
 61 2-Bedroom Units
 40 3-Bedroom Units
 11 4-Bedroom Units

 131 Total Units

<u>Unit Type & Number</u>	<u>2016 Rents Targeted % of Area Median Income</u>	<u>2016 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
18 1 Bedroom	50%	33%	\$573
32 2 Bedrooms	50%	35%	\$731
13 3 Bedrooms	50%	42%	\$1,030
9 4 Bedrooms	50%	44%	\$1,187
1 1 Bedroom	60%	60%	\$1,051
28 2 Bedrooms	60%	60%	\$1,261
27 3 Bedrooms	60%	60%	\$1,457
2 4 Bedrooms	60%	60%	\$1,626
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,171

Project Cost Summary at Application

Land and Acquisition	\$5,773,596
Construction Costs	\$33,136,181
Rehabilitation Costs	\$0
Construction Contingency	\$0
Relocation	\$1,500,000
Architectural/Engineering	\$2,440,835
Const. Interest, Perm. Financing	\$3,377,584
Legal Fees, Appraisals	\$475,000
Reserves	\$459,006
Other Costs	\$2,917,973
Developer Fee	\$6,060,519
Commercial Costs	\$0
Total	\$56,140,694

Project Financing

Estimated Total Project Cost:	\$56,140,694
Estimated Residential Project Cost:	\$56,140,694
Estimated Commercial Project Cost:	\$0

Residential

Construction Cost Per Square Foot:	\$220
Per Unit Cost:	\$428,555
True Cash Per Unit Cost*:	\$359,592

Construction Financing

Source	Amount
Construction Loan	\$42,000,000
HACSB** - Seller Note	\$5,773,596
Accrued Interest	\$343,300
AHP	\$1,300,000
Deferred Cost	\$1,216,506
General Partner Equity	\$100
Deferred Developer Fee	\$3,260,519
Tax Credit Equity	\$2,246,673

Permanent Financing

Source	Amount
Tax-exempt Permanent Loan	\$17,391,000
Citi Bank	\$1,950,000
HACSB** - Seller Note	\$5,773,596
Accrued Interest	\$343,300
HACSB** Loan	\$3,644,650
AHP	\$1,300,000
General Partner Equity	\$100
Deferred Developer Fee	\$3,260,519
Tax Credit Equity	\$22,477,529
TOTAL	\$56,140,694

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Housing Authority of the City of San Buenaventura

Determination of Credit Amount(s)

Requested Eligible Basis:	\$46,463,981
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$60,403,175
Applicable Rate:	3.25%
Maximum Annual Federal Credit:	\$1,963,103
Approved Developer Fee (in Project Cost & Eligible Basis):	\$6,060,519
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$1.14500

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:	\$46,463,981
Actual Eligible Basis:	\$46,463,981
Unadjusted Threshold Basis Limit:	\$42,028,183
Total Adjusted Threshold Basis Limit:	\$65,143,684

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: 55%

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 3.25% 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: None

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
\$1,963,103	\$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