

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**December 14, 2016**

Snapdragon Place Apartments Phase II, located at 1031, 1019, 1007, 995 and 1013 Los Angeles Avenue in Ventura, requested and is being recommended for a reservation of \$431,188 in annual federal tax credits to finance the new construction of 21 units of housing serving special needs tenants with rents affordable to households earning 30-60% AMI of area median income (AMI). The project will be developed by Cabrillo Economic Development Corporation and is located in Senate District 19 and Assembly District 37.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and HUD Veterans Affairs Supportive Housing (VASH) project-based vouchers. The project financing includes state funding from the MHP program of HCD.

**Project Number** CA-16-979

**Project Name** Snapdragon Place Apartments, Phase II

Site Address: 1031, 1019, 1007, 995 and 1013 Los Angeles Avenue  
Ventura, CA 93004 County: Ventura

Census Tract: 13.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$431,188	\$0
Recommended:	\$431,188	\$0

**Applicant Information**

Applicant: Cabrillo Economic Development Corporation

Contact: John Matthews

Address: 702 County Square Drive  
Ventura, CA 93003

Phone: 805-659-3791

Email: jmatthews@cabrilloedc.org

General Partner(s) or Principal Owner(s): Cabrillo Economic Development Corporation  
Housing Authority City of San Buenaventura

General Partner Type: Nonprofit

Parent Company(ies): Cabrillo Economic Development Corporation  
Housing Authority City of San Buenaventura

Developer: Cabrillo Economic Development Corporation

Investor/Consultant: California Housing Partnership Corporation

Management Agent: Housing Authority City of San Buenaventura

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 5  
 Total # of Units: 22  
 No. & % of Tax Credit Units: 21 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt/HUD Section 8 Project-based Vouchers (82% - 18 units)/  
 HUD VASH Project-based Vouchers (18% - 4 units)  
 HCD MHP Funding: Yes  
 55-Year Use/Affordability: Yes  
 Number of Units @ or below 35% of area median income: 13  
 Number of Units @ or below 50% of area median income: 3  
 Number of Units @ or below 60% of area median income: 5

**Bond Information**

Issuer: Housing Authority City of San Buenaventura  
 Expected Date of Issuance: January 16, 2017  
 Credit Enhancement: N/A

**Information**

Housing Type: Special Needs  
 Geographic Area: Central Coast Region  
 TCAC Project Analyst: Alex Ninh

**Unit Mix**

4 1-Bedroom Units  
 10 2-Bedroom Units  
 8 3-Bedroom Units  


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 22 Total Units

<b>Unit Type &amp; Number</b>	<b>2016 Rents Targeted % of Area Median Income</b>	<b>2016 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
4 1 Bedroom	30%	30%	\$525
7 2 Bedrooms	30%	30%	\$630
1 2 Bedrooms	40%	40%	\$841
1 2 Bedrooms	60%	60%	\$1,261
2 3 Bedrooms	30%	30%	\$728
2 3 Bedrooms	40%	40%	\$971
4 3 Bedrooms	60%	60%	\$1,457
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,173

**Project Cost Summary at Application**

Land and Acquisition	\$1,254,209
Construction Costs	\$7,342,678
Rehabilitation Costs	\$0
Construction Contingency	\$0
Relocation	\$0
Architectural/Engineering	\$374,000
Const. Interest, Perm. Financing	\$602,802
Legal Fees, Appraisals	\$44,785
Reserves	\$106,000
Other Costs	\$889,585
Developer Fee	\$1,369,000
Commercial Costs	\$0
<b>Total</b>	<b>\$11,983,059</b>

**Project Financing**

Estimated Total Project Cost:	\$11,983,059
Estimated Residential Project Cost:	\$11,983,059
Estimated Commercial Project Cost:	\$0

**Residential**

Construction Cost Per Square Foot:	\$244
Per Unit Cost:	\$544,685
True Cash Per Unit Cost*:	\$507,457

**Construction Financing**

Source	Amount
Wells Fargo Bank	\$9,900,000
City of Ventura - HOME	\$450,000
AHP	\$220,000
Deferred Costs	\$284,059
Deferred Developer Fee	\$819,000
Tax Credit Equity	\$310,000

**Permanent Financing**

Source	Amount
CCRC	\$4,790,000
HCD - MHP	\$1,348,940
City of Ventura - HOME	\$450,000
AHP	\$220,000
Deferred Developer Fee	\$819,000
Tax Credit Equity	\$4,355,119
<b>TOTAL</b>	<b>\$11,983,059</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$10,496,303
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$13,645,194
Applicable Rate:	3.25%
Total Maximum Annual Federal Credit:	\$431,188
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,369,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$1.01003

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:	\$10,496,303
Actual Eligible Basis:	\$10,496,303
Unadjusted Threshold Basis Limit:	\$6,892,484
Total Adjusted Threshold Basis Limit:	\$18,007,117

**Adjustments to Basis Limit**

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages

Local Development Impact Fees

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 14%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 122%

**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, City of Buenaventura, 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**  
**\$431,188**

**State Tax Credits/Total**  
**\$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.