

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
July 19, 2017**

Ormond Beach Villas, located at 5527 & 5557 South Saviers Road in Oxnard, requested and is being recommended for a reservation of \$649,558 in annual federal tax credits to finance the new construction of 39 units of housing serving tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Many Mansions and will be located in Senate District 19 and Assembly District 44.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the VHHP program of HCD.

Project Number CA-17-759

Project Name Ormond Beach Villas (a.k.a Vista Pacifica)
Site Address: 5527 & 5557 South Saviers Road
Oxnard, CA 93033 County: Ventura
Census Tract: 45.06

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$649,558	\$0
Recommended:	\$649,558	\$0

Applicant Information

Applicant: Ormond Beach LP
Contact: Rick Schroeder
Address: 1259 E. Thousand Oaks Blvd.
Thousand Oaks, CA 91362
Phone: (805) 496-4948 Fax: (805) 497-1305
Email: rick@manymansions.org

General Partner(s) or Principal Owner(s): Ormond Beach LLC
General Partner Type: Nonprofit
Parent Company(ies): Many Mansions, a California nonprofit corporation
Developer: Many Mansions, a California nonprofit corporation
Investor/Consultant: California Housing Partnership Corporation
Management Agent: The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 5
 Total # of Units: 40
 No. & % of Tax Credit Units: 39 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME / CDBG
 HUD Section 8 Project-based Vouchers (39 units - 100%)
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 35% of area median income: 18
 Number of Units @ or below 50% of area median income: 7
 Number of Units @ or below 60% of area median income: 14

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: December 13, 2017
 Credit Enhancement: N/A

Information

Housing Type: Non-Targeted
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Carmen Doonan

Unit Mix

15 1-Bedroom Units
 20 2-Bedroom Units
 5 3-Bedroom Units

 40 Total Units

Unit Type & Number	2017 Rents Targeted % of Area Median Income	2017 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
15 1 Bedroom	30%	30%	\$562
3 2 Bedrooms	30%	30%	\$675
4 2 Bedrooms	50%	50%	\$1,125
3 3 Bedrooms	50%	50%	\$1,298
12 2 Bedrooms	60%	60%	\$1,350
2 3 Bedrooms	60%	60%	\$1,558
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Projected Lifetime Rent Benefit: \$12,188,880

Project Cost Summary at Application

Land and Acquisition	\$1,285,616
Construction Costs	\$9,055,102
Rehabilitation Costs	\$0
Construction Contingency	\$1,358,265
Relocation	\$0
Architectural/Engineering	\$614,600
Const. Interest, Perm. Financing	\$957,122
Legal Fees, Appraisals	\$292,764
Reserves	\$705,245
Other Costs	\$1,871,490
Developer Fee	\$2,005,324
Commercial Costs	\$0
Total	\$18,145,528

Project Financing

Estimated Total Project Cost:	\$18,145,528
Estimated Residential Project Cost:	\$18,145,528
Estimated Commercial Project Cost:	\$0

Residential

Construction Cost Per Square Foot:	\$214
Per Unit Cost:	\$453,638
True Cash Per Unit Cost*:	\$438,505

Construction Financing

Source	Amount
Union Bank - T.E. Bonds	\$14,463,641
City of Oxnard - HOME	\$992,624
City of Oxnard Accrued Interest	\$68,500
County of Ventura HOME & CDBC	\$1,110,337
GP Equity	\$100
Deferred Costs	\$712,488
Deferred Developer Fee	\$605,324
Tax Credit Equity	\$192,514

Permanent Financing

Source	Amount
CCRC - T.E. Bonds	\$3,830,000
HCD - VHHP	\$5,607,858
City of Oxnard - HOME	\$992,624
City of Oxnard Accrued Interest	\$68,500
County of Ventura HOME & CDBG	\$1,110,337
GP Equity	\$100
Deferred Developer Fee	\$605,324
Tax Credit Equity	\$5,930,785
TOTAL	\$18,145,528

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

Determination of Credit Amount(s)

Requested Eligible Basis:	\$15,374,154
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$19,986,400
Applicable Rate:	3.25%
Total Maximum Annual Federal Credit:	\$649,558
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,005,324
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.91305

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:	\$15,374,154
Actual Eligible Basis:	\$15,374,154
Unadjusted Threshold Basis Limit:	\$11,526,225
Total Adjusted Threshold Basis Limit:	\$24,939,221

Adjustments to Basis Limit

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: 17%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 92%

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, the City of Oxnard, 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
\$649,558	\$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.