

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
December 11, 2013**

Project Number CA-13-902
Project Name Minerva Manor
Site Address: 9972 Juniper Avenue
Fontana, CA 92335 County: San Bernardino
Census Tract: 33.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$673,017	\$0
Recommended:	\$673,017	\$0

Applicant Information

Applicant: EHDOC Senior Apartments I, LP
Contact: Dan Charleton
Address: 1580 Sawgrass Corporate Parkway, Suite 210
Fort Lauderdale, FL 33323
Phone: (954) 835-9200 Fax: (954) 835-0888
Email: dcharleton@ehdoc.org

General Partner(s) or Principal Owner(s): EHDOC Senior Apartments I Corporation
General Partner Type: Nonprofit
Parent Company(ies): Elderly Housing Development and Operations Corp.
Developer: EHDOC Development Svcs. LLC.
Investor/Consultant: US Bancorp Comm. Dev. Corp.
Management Agent: Quality Management Group
Elderly Housing Development and Operations Corp.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 63
No. & % of Tax Credit Units: 62 100.00%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 7
Number of Units @ or below 60% of area median income: 55

Bond Information

Issuer: CSCDA
Expected Date of Issuance: March 7, 2014
Credit Enhancement: N/A

Information

Housing Type: Seniors
 Geographic Area: Inland Empire Region
 TCAC Project Analyst: Connie Harina

Unit Mix

50 1-Bedroom Units
 13 2-Bedroom Units

 63 Total Units

<u>Unit Type & Number</u>	<u>2013 Rents Targeted % of Area Median Income</u>	<u>2013 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 1 Bedroom	50%	50%	\$597
5 1 Bedroom	55%	55%	\$657
40 1 Bedroom	60%	60%	\$717
2 2 Bedrooms	50%	50%	\$717
2 2 Bedrooms	55%	55%	\$789
8 2 Bedrooms	60%	60%	\$861
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$19,908,028
 Estimated Residential Project Cost: \$19,908,028

Residential

Construction Cost Per Square Foot: \$120
 Per Unit Cost: \$316,000

Construction Financing

<u>Source</u>	<u>Amount</u>
US Bank	\$11,000,000
Fontana Housing Authority Ground Lease	\$1,600,000
Fontana Housing Authority Loan	\$7,237,764
Tax Credit Equity	\$70,264

Permanent Financing

<u>Source</u>	<u>Amount</u>
CCRC	\$2,454,159
Fontana Housing Authority Ground Lease	\$1,600,000
Fontana Housing Authority Loan	\$8,000,000
Deferred Developer Fee	\$827,504
Tax Credit Equity	\$7,026,365
TOTAL	\$19,908,028

Determination of Credit Amount(s)

Requested Eligible Basis: \$16,178,286
 130% High Cost Adjustment: Yes
 Applicable Fraction: 100.00%
 Qualified Basis: \$21,031,772
 Applicable Rate: 3.20%
 Total Maximum Annual Federal Credit: \$673,017
 Approved Developer Fee (in Project Cost & Eligible Basis): \$2,110,211
 Investor/Consultant: US Bancorp Comm. Dev. Corp.
 Federal Tax Credit Factor: \$1.04401

Per Regulation Section 10322(i)(4)(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:	\$16,178,286
Actual Eligible Basis:	\$16,178,286
Unadjusted Threshold Basis Limit:	\$12,458,150
Total Adjusted Threshold Basis Limit:	\$18,653,741

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 11%

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 3.20% 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 Fontana, 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
\$673,017	\$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 commits to becoming certified under the following program: GreenPoint Rated Multifamily Guidelines