

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 18, 2015

Project Number CA-15-805

Project Name Las Cortes
 Site Address: 100 Amelia Court
 Oxnard, CA 93030 County: Ventura
 Census Tract: 91.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,319,691	\$0
Recommended:	\$2,319,691	\$0

Applicant Information

Applicant: UHC 00558 Oxnard, L.P.
 Contact: John F. Bigley
 Address: 2000 E. 4th Street, Suite 205
 Santa Ana, CA 92705
 Phone: 714-835-3955 Fax: 714-835-3275
 Email: JBigley@uhcllc.net

General Partner(s) or Principal Owner(s): Las Cortes
 UHC 00558 Oxnard Holdings LLC
 General Partner Type: Joint Venture
 Parent Company(ies): Las Cortes
 Urban Housing Communities LLC
 Developer: UHC 00558 Oxnard Development LLC
 Investor/Consultant: RBC Capital Markets
 Management Agent: Hyder Property Mgmt. Professionals

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 16
 Total # of Units: 144
 No. & % of Tax Credit Units: 142 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt/HUD Section 8 Project-based contract (100% - 142 units)
 HCD MHP Funding: No
 Utility Allowance: CUAC
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 50
 Number of Units @ or below 60% of area median income: 92

Bond Information

Issuer: California Statewide Community Development Authority
 Expected Date of Issuance: May 1, 2015
 Credit Enhancement: None

Information

Housing Type: Large Family
 Geographic Area: Central Coast Region
 TCAC Project Analyst: Daniel Tran

Unit Mix

48 1-Bedroom Units
 42 2-Bedroom Units
 39 3-Bedroom Units
15 4-Bedroom Units
 144 Total Units

<u>Unit Type & Number</u>	<u>2014 Rents Targeted % of Area Median Income</u>	<u>2014 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
38 1 Bedroom	50%	50%	\$831
1 2 Bedrooms	50%	50%	\$998
5 2 Bedrooms	60%	60%	\$1,198
1 1 Bedroom	50%	50%	\$831
8 1 Bedroom	55%	55%	\$915
4 2 Bedrooms	50%	50%	\$998
32 2 Bedrooms	60%	60%	\$1,198
4 3 Bedrooms	50%	50%	\$1,153
34 3 Bedrooms	60%	60%	\$1,383
2 4 Bedrooms	50%	50%	\$1,286
13 4 Bedrooms	60%	60%	\$1,543
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost:	\$60,788,414
Estimated Residential Project Cost:	\$60,788,414

Residential

Construction Cost Per Square Foot:	\$185
Per Unit Cost:	\$422,142

Construction Financing

Source	Amount
Bank of America - M.L.	\$27,000,000
Bank of America - C.D.C.	\$2,560,000
Dougherty Mortgage - HUD 221(d)(4)	\$22,713,463
Oxnard HA - Ground Lease	\$2,650,452
Deferred Impact Fees	\$3,778,883
Deferred Reserves	\$585,000
Deferred Developer Fee	\$1,500,517
Tax Credit Equity	\$100

Permanent Financing

Source	Amount
Dougherty Mortgage-HUD 221(d)(4)	\$29,560,000
Oxnard HA - Ground Lease	\$2,650,452
Deferred Impact Fees	\$3,778,883
Deferred Developer Fee	\$437,684
Tax Credit Equity	\$24,361,395
TOTAL	\$60,788,414

Determination of Credit Amount(s)

Requested Eligible Basis:	\$53,121,953
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$69,058,539
Applicable Rate:	3.36%
Total Maximum Annual Federal Credit:	\$2,319,691
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	RBC Capital Markets
Federal Tax Credit Factor:	\$1.05020

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:	\$53,121,953
Actual Eligible Basis:	\$53,121,953
Unadjusted Threshold Basis Limit:	\$41,888,694
Total Adjusted Threshold Basis Limit:	\$69,979,108

Adjustments to Basis Limit:

Required to Pay Prevailing Wages	
Environmental Mitigation	
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:	35%

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 3.36% 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
\$2,319,691	\$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