

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

Project Number CA-15-811

Project Name Ocean View Senior Apartments
Site Address: 555 Crespi Drive
 Pacifica, CA 94044 County: San Mateo
Census Tract: 6033.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,052,616	\$0
Recommended:	\$1,052,616	\$0

Applicant Information

Applicant: Oceanview Housing Associates, L.P.
Contact: Ann Silverberg
Address: 600 California Street, Suite 900
 San Francisco, CA 94108
Phone: (415) 989-1111 **Fax:** (415) 495-4898
Email: asilverberg@bridgehousing.com

General Partner(s) or Principal Owner(s): Crespi Drive, LLC
General Partner Type: Nonprofit
Parent Company(ies): Winfield Hill, Inc.
Developer: BRIDGE Housing Corporation
Consultant: California Housing Partnership Corporation
Management Agent: BRIDGE Property Management Company

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 2
Total # of Units: 100
No. & % of Tax Credit Units: 90 90.91%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt / HOME / CDBG / HUD Section 8 Project-Based
 Vouchers (31 units - 31%)
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 10
Number of Units @ or below 60% of area median income: 80

Bond Information

Issuer: California Housing Finance Agency
 Expected Date of Issuance: June 1, 2015
 Credit Enhancement: HUD Risk Sharing Program –
 Qualified Participating Entities (QPE): Section 542(b)

Information

Housing Type: Seniors
 Geographic Area: South and West Bay Region
 TCAC Project Analyst: Benjamin Schwartz

Unit Mix

100 1-Bedroom Units
 100 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>
10 1 Bedroom	50%	30%	\$622
25 1 Bedroom	60%	50%	\$1,038
31 1 Bedroom	60%	60%	\$1,245
24 1 Bedroom	60%	60%	\$1,245
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0
9 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,387

Project Financing

Estimated Total Project Cost: \$34,093,010
 Estimated Residential Project Cost: \$34,093,010

Residential

Construction Cost Per Square Foot: \$136
 Per Unit Cost: \$340,930

Construction Financing

<u>Source</u>	<u>Amount</u>
Tax-Exempt Bonds - Construction	\$18,075,000
San Mateo HEART Loan Assumption	\$534,720
San Mateo HOME/CDBG Assumption	\$1,014,242
CalHFA Gap Loan	\$2,870,000
Seller Carryback Loan	\$8,155,152
Accrued Interest on Loans	\$401,128
Costs Deferred Until Perm	\$1,283,047
Deferred Developer Fee	\$800,000
Tax Credit Equity	\$959,721

Permanent Financing

<u>Source</u>	<u>Amount</u>
Tax-Exempt Bonds - Permanent	\$8,550,000
San Mateo HEART Loan Assumption	\$534,720
San Mateo HOME/CDBG Assumption	\$1,014,242
CalHFA Gap Loan	\$2,870,000
Seller Carryback Loan	\$8,155,152
Accrued Interest on Loans	\$401,128
Income from Operations	\$955,561
Deferred Developer Fee	\$800,000
Tax Credit Equity	\$10,812,207
TOTAL	\$34,093,010

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$11,655,025
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$19,935,670
Applicable Fraction:	90.91%
Qualified Basis (Rehabilitation):	\$13,774,120
Qualified Basis (Acquisition):	\$18,123,336
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$454,546
Maximum Annual Federal Credit, Acquisition:	\$598,070
Total Maximum Annual Federal Credit:	\$1,052,616
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$1.02717

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:	\$31,590,695
Actual Eligible Basis:	\$31,590,695
Unadjusted Threshold Basis Limit:	\$25,533,200
Total Adjusted Threshold Basis Limit:	\$35,746,480

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- 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: 10%

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 3.30% 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 Pacifica, has completed a site review of this project and 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
\$1,052,616	\$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