

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
May 20, 2015

Project Number CA-15-830

Project Name Horizons at Yucaipa
 Site Address: 12279 3rd Street
 Yucaipa, CA 92339 County: San Bernardino
 Census Tract: 88.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$600,350	\$0
Recommended:	\$600,350	\$0

Applicant Information

Applicant: UHC 00539 Yucaipa, L.P.
 Contact: Anthony Perez
 Address: 715 E. Brier Drive
 San Bernardino CA 92408
 Phone: 909 332-6390 Fax: 866-699-1049
 Email: APerez@hpiinc.org

General Partner(s) or Principal Owner(s): Housing Partners I, Inc.
 General Partner Type: Nonprofit
 Parent Company(ies): Housing Partners I, Inc.
 Developer: UHC 00539 Yucaipa Development LLC
 Investor/Consultant: Hudson Housing Capital LLC
 Management Agent: Hyder Property Management Professionals

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 50
 No. & % of Tax Credit Units: 49 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME / HUD Section 8 Project-based Vouchers
 (49 units - 100%)
 HCD MHP Funding: No
 Utility Allowance: CUAC
 55-Year Use/Affordability: Yes
 Number of Units @ or below 35% of area median income: 19
 Number of Units @ or below 50% of area median income: 23
 Number of Units @ or below 60% of area median income: 7

Bond Information

Issuer: Housing Authority of the County of San Bernardino
 Expected Date of Issuance: June 19, 2015
 Credit Enhancement: No

Information

Housing Type: Non-Targeted
 Geographic Area: Inland Empire Region
 TCAC Project Analyst: DC Navarrette

Unit Mix

38 1-Bedroom Units
 12 2-Bedroom Units

 50 Total Units

<u>Unit Type & Number</u>	<u>2015 Rents Targeted % of Area Median Income</u>	<u>2015 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 1 Bedroom	25%	24%	\$284
7 1 Bedroom	30%	29%	\$341
10 1 Bedroom	40%	39%	\$455
6 1 Bedroom	50%	49%	\$569
5 1 Bedroom	60%	59%	\$683
2 2 Bedrooms	30%	29%	\$410
3 2 Bedrooms	40%	39%	\$547
4 2 Bedrooms	50%	49%	\$683
2 2 Bedrooms	60%	59%	\$820
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,083,560
Construction Costs	\$8,845,757
Rehabilitation Costs	\$0
Construction Contingency	\$444,466
Relocation	\$0
Architectural/Engineering	\$679,000
Construction Interest, Perm Financing	\$614,945
Legal Fees, Appraisals	\$215,000
Reserves	\$261,000
Other Costs	\$2,371,624
Developer Fee	\$1,250,000
Commercial Costs	\$0
Total	\$15,765,352

Project Financing

Estimated Total Project Cost:	\$15,765,352
Estimated Residential Project Cost:	\$15,765,352

Residential

Construction Cost Per Square Foot:	\$164
Per Unit Cost:	\$315,307

Construction Financing

Source	Amount
JP Morgan Chase	\$8,200,000
San Bernardino County HOME	\$3,678,000
CalHFA MHSA	\$1,716,650
General Partner Loan	\$722,250
Deferred Developer Fee	\$868,587
Tax Credit Equity	\$579,865

Permanent Financing

Source	Amount
JP Morgan Chase	\$2,770,000
San Bernardino County HOME	\$3,678,000
City of Yucaipa - Deferred Fees	\$727,619
CalHFA MHSA	\$1,716,650
General Partner Loan	\$722,250
Deferred Developer Fee	\$367,012
Tax Credit Equity	\$5,783,821
TOTAL	\$15,765,352

Determination of Credit Amount(s)

Requested Eligible Basis:	\$14,099,039
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$18,328,751
Applicable Rate:	3.30%
Maximum Annual Federal Credit:	\$600,350
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,250,000
Investor/Consultant:	Hudson Housing Capital LLC
Federal Tax Credit Factor:	\$0.96341

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:	\$14,099,039
Actual Eligible Basis:	\$14,099,039
Unadjusted Threshold Basis Limit:	\$10,892,916
Total Adjusted Threshold Basis Limit:	\$27,450,149

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: 46%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 76%

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 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
\$600,350	\$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.