

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

August 19, 2015

Woodglen Vista, located at 10450 North Magnolia Avenue in Santee, CA, requested and is being recommended for a reservation of \$1,096,300 in annual federal tax credits to finance the acquisition and rehabilitation of 188 units of housing serving large families with rents affordable to households earning 50-60% of area median income. The project will be developed by Woodglen Vista Housing Partners and will be located in Senate District 38 and Assembly District 71.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-15-884

Project Name Woodglen Vista
Site Address: 10450 N. Magnolia Avenue
Santee, CA 92071 County: San Diego
Census Tract: 166.090

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,096,300	\$0
Recommended:	\$1,096,300	\$0

Applicant Information

Applicant: Woodglen Vista Housing Partners, LP
Contact: John Okura
Address: 17701 Cowan Avenue, #200
Irvine, CA 92614
Phone: (949) 263-8676 Fax: (949) 263-0647
Email: jokura@jamboreehousing.com

General Partner(s) or Principal Owner(s): JHC Woodglen LLC
General Partner Type: Nonprofit
Parent Company(ies): Jamboree Housing Corporation
Developer: Woodglen Vista Housing Partners
Investor/Consultant: WNC
Management Agent: EPMI

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 8
 Total # of Units: 188
 No. & % of Tax Credit Units: 188 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt/HUD Section 8 Project-Based Vouchers (188 Units - 100%)
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 39
 Number of Units @ or below 60% of area median income: 148

Bond Information

Issuer: CalHFA
 Expected Date of Issuance: December 31, 2015
 Credit Enhancement: No

Information

Housing Type: Large Family
 Geographic Area: San Diego County
 TCAC Project Analyst: DC Navarrette

Unit Mix

44 1-Bedroom Units
 96 2-Bedroom Units
48 3-Bedroom Units
 188 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>
6 1 Bedroom	50%	49%	\$740
3 1 Bedroom	50%	49%	\$740
35 1 Bedroom	60%	58%	\$888
13 2 Bedrooms	50%	49%	\$888
7 2 Bedrooms	50%	49%	\$888
76 2 Bedrooms	60%	59%	\$1,066
10 3 Bedrooms	50%	49%	\$1,026
37 3 Bedrooms	60%	58%	\$1,231
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$19,520,000
Construction Costs	\$0
Rehabilitation Costs	\$9,318,587
Construction Contingency	\$1,100,000
Relocation	\$574,000
Architectural/Engineering	\$100,000
Construction Interest, Perm Financing	\$3,023,910
Legal Fees, Appraisals	\$215,000
Reserves	\$645,000
Other Costs	\$1,333,050
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$38,329,547

Project Financing

Estimated Total Project Cost:	\$38,329,547
Estimated Residential Project Cost:	\$38,329,547

Residential

Construction Cost Per Square Foot:	\$55
Per Unit Cost:	\$203,881

Construction Financing

Source	Amount
CalHFA	\$31,000,000
Construction Period Income	\$2,766,547
Deferred Costs	\$829,695
Deferred Developer Fee	\$1,784,994
Tax Credit Equity	\$1,948,311

Permanent Financing

Source	Amount
CalHFA	\$24,600,000
Construction Period Income	\$2,766,547
Tax Credit Equity	\$10,963,000
TOTAL	\$38,329,547

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$13,935,957
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$18,718,680
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$18,116,744
Qualified Basis (Acquisition):	\$18,718,680
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$478,584
Maximum Annual Federal Credit, Acquisition:	\$617,716
Total Maximum Annual Federal Credit:	\$1,096,300
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	WNC
Federal Tax Credit Factor:	\$1.00000

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:	\$32,654,637
Actual Eligible Basis:	\$32,654,637
Unadjusted Threshold Basis Limit:	\$56,933,720
Total Adjusted Threshold Basis Limit:	\$68,320,464

Adjustments to Basis Limit:

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 20%

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
\$1,096,300	\$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 provide the tenants with the following service amenities free of charge for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC:

- After school program on-site for a minimum of 10 hours per week

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 improve energy efficiency above the modeled energy consumption of the building(s) by a 30% decrease, based on an estimated annual energy use, in the buildings Home Energy Rating System II (HERSII) post rehabilitation.