

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2015 Second Round
September 23, 2015

Overland Court Apartments, located at the corner of Rockport Drive and Overland Avenue in Los Banos, CA, requested and is being recommended for a reservation of \$681,192 in annual federal tax credits, and \$2,657,446 in total state tax credits to finance the New Construction of 69 units of housing serving Seniors with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Willow Partners, LLC and will be located in Senate District 12 and Assembly District 21.

Project Number CA-15-094

Project Name Overland Court Apartments
Site Address: Corner of Rockport Drive and Overland Avenue
Los Banos, CA 93635 County: Merced
Census Tract: 23.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$681,192	\$2,657,446
Recommended:	\$681,192	\$2,657,446

Applicant Information

Applicant: WP Overland Court Apartments, LP
Contact: Amelia Ross
Address: 310 N Westlake Blvd., #210
Westlake Village, CA 91362
Phone: 805-379-8555 **Fax:** 805-379-8556
Email: aross@willowpartners.com

General Partner(s) / Principal Owner(s): Central Valley Coalition for Affordable Housing
WP Overland Court, LLC

General Partner Type: Joint Venture

Parent Companies: Central Valley Coalition for Affordable Housing
Willow Partners, LLC

Developer: Willow Partners, LLC

Investor/Consultant: City Real Estate Advisors, Inc.

Management Agent(s): Buckingham Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 9
 Total # of Units: 70
 No. & % of Tax Credit Units: 69 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: N/A
 Affordability Breakdown by Units and % (Lowest Income Points):
 30% AMI: 7 10 %
 50% AMI (Rural): 35 50 %
 55% AMI (Rural): 21 30 %

Information

Set-Aside: Rural
 Housing Type: Seniors
 Geographic Area: N/A
 TCAC Project Analyst: Marlene McDonough

Unit Mix

56 1-Bedroom Units
 14 2-Bedroom Units

 70 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>
5 1 Bedroom	30%	30%	\$320
34 1 Bedroom	50%	50%	\$534
17 1 Bedroom	55%	55%	\$587
2 2 Bedrooms	30%	30%	\$384
4 2 Bedrooms	55%	55%	\$705
7 2 Bedrooms	60%	60%	\$769
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,080,000
Construction Costs	\$6,639,336
Rehabilitation Costs	\$0
Construction Contingency	\$350,000
Relocation	\$0
Architectural/Engineering	\$531,290
Construction Interest, Perm Financing	\$700,200
Legal Fees, Appraisals	\$165,000
Reserves	\$298,110
Other Costs	\$1,890,215
Developer Fee	\$1,420,000
Commercial Costs	\$0
Total	\$13,074,151

Project Financing

Estimated Total Project Cost:	\$13,074,151
Estimated Residential Project Cost:	\$13,074,151

Residential

Construction Cost Per Square Foot:	\$124
Per Unit Cost:	\$186,774

Construction Financing

Source	Amount
Citibank	\$8,000,000
City of Los Banos	\$537,710
AHP	\$1,000,000
Deferred Developer Fee	\$1,000,000
Tax Credit Equity	\$2,536,441

Permanent Financing

Source	Amount
Citibank	\$2,016,000
City of Los Banos	\$537,710
AHP	\$1,000,000
Deferred Developer Fee	\$700,000
Tax Credit Equity	\$8,820,441
TOTAL	\$13,074,151

Determination of Credit Amount(s)

Requested Eligible Basis:	\$8,858,157
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$8,858,157
Applicable Rate:	7.69%
Total Annual Federal Credit:	\$681,192
Total State Credit:	\$2,657,446
Approved Developer Fee in Project Cost:	\$1,420,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	#REF!
Federal Tax Credit Factor:	\$1.04000
State Tax Credit Factor:	\$0.65327

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:	\$8,858,157
Actual Eligible Basis:	\$10,868,157
Unadjusted Threshold Basis Limit:	\$11,649,736
Total Adjusted Threshold Basis Limit:	\$12,507,050

Adjustments to Basis Limit:

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Install bamboo, cork, salvaged or FSC-Certified wood, natural linoleum, natural rubber, or ceramic tile in all kitchens, living rooms, and bathrooms where no VOC adhesives or backing is used
- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas

Local Development Impact Fees

Tie-Breaker Information

First:	Seniors
Second:	22.510%

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 meet 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 7.69% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.30%. 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

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

The Local Reviewing Agency, The City of Los Banos, 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
\$681,192

State Tax Credits/Total
\$2,657,446

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

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 performance deposit and allocation 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.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Additional Conditions: None

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Cost Efficiency	20	9	9
Public Funds	20	11	11
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of regular bus stop (or dial-a-ride service for rural set-aside)	4	4	4
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of a neighborhood market of at least 5,000 sf	4	4	4
Senior project within 1 mile of daily operated senior center/facility	2	2	2
Within 1 mile of medical clinic or hospital	3	3	3
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION/ADAPTIVE REUSE			
Develop project in accordance w/ requirements of: Green Point Rated	5	5	5
Develop project to requirements of: Silver	3	3	3
Energy efficiency beyond CA Building Code Title 24 requirements: 32.5%	2	2	2
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Smoke Free Residence	2	2	2
Total Points	148	148	148

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.