

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

Riverbank Central Apartments, located at 6108 Claus Road in Riverbank, CA, requested and is being recommended for a reservation of \$1,085,897 in annual federal tax credits and \$4,236,271 in total state tax credits to finance the new construction of 71 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 5 and Assembly District 12.

Project Number CA-15-102

Project Name Riverbank Central Apartments
Site Address: 6108 Claus Road
Riverbank, CA 95367 County: Stanislaus
Census Tract: 4.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,085,897	\$4,236,271
Recommended:	\$1,085,897	\$4,236,271

Applicant Information

Applicant: Riverbank Central Associates, a California Limited Partnership
Contact: Caleb Roope
Address: 430 E. State Street, Suite 100
Eagle, ID 83616
Phone: 208.461.0022 **Fax:** 208.461.3267
Email: calebr@tpchousing.com

General Partner(s) / Principal Owner(s): TPC Holdings V, LLC
Valley Initiative for Affordable Housing
General Partner Type: Joint Venture
Parent Company(ies): TPC Holdings V, LLC
Valley Initiative for Affordable Housing
Developer: Pacific West Communities, Inc.
Investor/Consultant: Boston Capital
Management Agent(s): Buckingham Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 9
 Total # of Units: 72
 No. & % of Tax Credit Units: 71 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: N/A
 Affordability Breakdown by Units and % (Lowest Income Points):
 30% AMI: 8 10 %
 50% AMI (Rural): 25 35 %
 55% AMI (Rural): 29 40 %

Information

Set-Aside: Rural
 Housing Type: Large Family
 Geographic Area: N/A
 TCAC Project Analyst: Connie Harina

Unit Mix

24 2-Bedroom Units
 40 3-Bedroom Units
 8 4-Bedroom Units

 72 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>
3 2 Bedrooms	30%	30%	\$384
9 2 Bedrooms	50%	50%	\$641
10 2 Bedrooms	55%	55%	\$705
2 2 Bedrooms	60%	60%	\$769
4 3 Bedrooms	30%	30%	\$444
13 3 Bedrooms	50%	50%	\$740
16 3 Bedrooms	55%	55%	\$814
6 3 Bedrooms	60%	60%	\$888
1 4 Bedrooms	30%	30%	\$495
3 4 Bedrooms	50%	50%	\$826
3 4 Bedrooms	55%	55%	\$908
1 4 Bedrooms	60%	60%	\$991
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$265,000
Construction Costs	\$9,534,964
Rehabilitation Costs	\$0
Construction Contingency	\$500,000
Relocation	\$0
Architectural/Engineering	\$595,000
Construction Interest, Perm Financing	\$594,000
Legal Fees, Appraisals	\$50,000
Reserves	\$243,918
Other Costs	\$2,697,769
Developer Fee	\$2,000,000
Commercial Costs	\$0
Total	\$16,480,651

Project Financing

Estimated Total Project Cost:	\$16,480,651
Estimated Residential Project Cost:	\$16,480,651

Residential

Construction Cost Per Square Foot:	\$110
Per Unit Cost:	\$228,898

Construction Financing

Source	Amount
Boston Capital Finance	\$10,897,578
Stanislaus County - Fee Deferral	\$352,656
City of Riverbank - Fee Waiver	\$351,125
Deferred Costs	\$243,918
Deferred Developer Fee	\$2,000,000
Tax Credit Equity	\$2,635,374

Permanent Financing

Source	Amount
Boston Capital Finance	\$2,600,000
Stanislaus County - Fee Deferral	\$352,656
City of Riverbank - Fee Waiver	\$351,125
Tax Credit Equity	\$13,176,870
TOTAL	\$16,480,651

Determination of Credit Amount(s)

Requested Eligible Basis:	\$14,120,903
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$14,120,903
Applicable Rate:	7.69%
Total Maximum Annual Federal Credit:	\$1,085,897
Total State Credit:	\$4,236,271
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$0.95990
State Tax Credit Factor:	\$0.64994

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:	\$14,120,903
Actual Eligible Basis:	\$15,120,903
Unadjusted Threshold Basis Limit:	\$16,698,024
Total Adjusted Threshold Basis Limit:	\$18,445,838

Adjustments to Basis Limit:

Local Development Impact Fees

Tie-Breaker Information

First:	Large Family
Second:	8.589%

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 Riverbank, 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
\$1,085,897

State Tax Credits/Total
\$4,236,271

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	17	17
Public Funds	20	3	3
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 mile of public park or community center open to general public	2	2	2
Within 1 mile of public library	2	2	2
Within 1 mile of a neighborhood market of at least 5,000 sf	3	3	3
Within 1.5 miles of public high school within attendance area of school	3	3	3
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, min. 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: GreenPoint Rated	5	5	5
Develop project to requirements of: GreenPoint Rated 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
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.