CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
June 6, 2007

Project Number CA-2007-832

Project Name Breckenridge Village Apartments
Address: 7326 Stockton Blvd.
Sacramento, CA 95823 County: Sacramento

Applicant Information
Applicant: Breckenridge Village, L.P.
Contact Gary Freedman
Address: 23622 Calabasas Road, Suite 200
Calabasas, CA 91302
Phone: (818) 223-3500 Fax: (818) 223-3501
Sponsors Type: Joint Venture

Bond Information
Issuer: Housing Authority of the County of Sacramento
Expected Date of Issuance: July 2007
Credit Enhancement: Fannie Mae through Citigroup

Eligible Basis
Actual: $17,667,266
Requested: $17,667,266
Maximum Permitted: $23,002,100

Extra Feature Adjustments: None

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$679,030	$0
Recommended:	$679,030	$0

Project Information
Construction Type: Acquisition and Rehabilitation
Federal Subsidy: Tax-Exempt/HOME
HCD MHP Funding: No
Total # of Units: 160
Total # Residential Buildings: 11

Income/Rent Targeting
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 158 units
55-Year Use/Affordability Restriction: Yes
Number of Units @ or below 50% of area median income: 40
Number of Units @ or below 60% of area median income: 118

Unit Type & Number		**2007 Rents** **% of Area Median Income**	**Proposed Rent** (including utilities)
13	One-Bedroom	50%	$613
37	One-Bedroom	60%	$735
27	Two-Bedroom	50%	$736
81	Two-Bedroom	60%	$883
2	Two-Bedroom	Manager's Unit	$825

The general partners or principal owners are Breckenridge Apartments 160, LLC and JHC-Breckenridge, LLC.

The project developer is West Coast Redevelopers, LLC.

The management services will be provided by Brymarc Management Company.

The market analysis was provided by M.E. Shay & Co.

The Local Reviewing Agency, Sacramento Housing and Redevelopment Agency, has completed a site review and strongly supports the project.

Project Financing
Estimated Total Project Cost: $21,946,640 Per Unit Cost: $137,167 Construction Cost Per Sq. Foot: $27

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
HA of the County of Sacramento	$10,800,000	HA of the County of Sacramento	$10,800,000
SHRA	$1,800,000	SHRA	$2,000,000
NOI during Construction	$1,063,744	NOI during Construction	$1,063,744
Investor Equity	$5,079,562	Deferred Developer Fee	$1,150,000
		Investor Equity	$6,932,896
		TOTAL	$21,946,640

Determination of Credit Amount(s)

Requested Rehabilitation Eligible Basis:	$3,982,266
Requested Acquisition Eligible Basis:	$13,685,000
130% High Cost Adjustment:	Yes
Applicable Fraction:	100%
Qualified Rehabilitation Basis:	$5,176,946
Qualified Acquisition Basis:	$13,685,000
Applicable Rate:	3.60%
Maximum Annual Federal Rehabilitation Credit:	$186,370
Maximum Annual Federal Acquisition Credit:	$492,660
Total Maximum Annual Federal Credit:	$679,030
Approved Developer Fee:	$2,304,426

Tax Credit Factor: $1.0210

Applicant requests and staff recommends annual federal credits of $679,030, based on a qualified rehabilitation basis of $5,176,946, a qualified acquisition basis of $13,685,000, and a funding shortfall of $6,932,896.

Cost Analysis and Line Item Review
The requested eligible basis $17,667,266 is below TCAC’s adjusted threshold basis limit $23,002,100. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitation.

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 3.60% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: 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.

Recommendation: Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
$679,030	**$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.

TCAC makes the 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 will be permitted without the express approval of TCAC.

The applicant must pay TCAC an 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 anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

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 credits 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 after school programs and educational classes (such as English as a Second Language classes, computer training, etc.) 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.

Project Analyst: Anthony Zeto