

Selection Criteria	Max. Possible Points	Requested Points	Points Awarded
<i>Cost Efficiency/Credit Reduction/Public Funds</i> Maximum 20 points	20	20	20
<input checked="" type="checkbox"/> Cost Efficiency	18	18	18
<input checked="" type="checkbox"/> Credit Reduction	20	2	2
<i>Owner / Management Characteristics</i> Maximum 9 points	9	9	9
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
<i>Housing Needs</i> Maximum 10 points	10	10	10
<i>Site Amenities</i> Maximum 15 points	15	15	15
<input checked="" type="checkbox"/> Within 500 feet of a regular bus stop or rapid transit system stop	4	4	4
<input checked="" type="checkbox"/> Rural project within 1 mile of public park or community center open to general public	2	2	2
<input checked="" type="checkbox"/> Rural project within ½ mile of a full-scale grocery store w/staples/fresh meat/produce	4	4	4
<input checked="" type="checkbox"/> Rural Large Family project within 1 mile of public school project children may attend	2	2	2
<input checked="" type="checkbox"/> Rural project within 1 mile of medical clinic or hospital	3	3	3
<i>Service Amenities</i> Maximum 10 points	10	10	10
<input checked="" type="checkbox"/> Educational classes (e.g. ESL, Computer training, etc. and aren't same as After School)	5	5	5
<input checked="" type="checkbox"/> Bona fide service coordinator available	5	5	5
<i>Sustainable Building Methods</i> Maximum 8 points	8	8	8
<input checked="" type="checkbox"/> Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
<input checked="" type="checkbox"/> Minimum 1 High Efficiency Toilet (1.3 gpf) or dual flush	2	2	2
<input checked="" type="checkbox"/> Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
<input checked="" type="checkbox"/> Rainwater retention at ½ inch rainfall per 24-hour period	1	1	1
<input checked="" type="checkbox"/> Construction Indoor Air Quality Management plan	2	2	2
<i>Lowest Income</i> Maximum 52 points	52	52	52
<input checked="" type="checkbox"/> Basic Targeting	50	50	50
<input checked="" type="checkbox"/> Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<i>Readiness to Proceed</i> Maximum 20 points	20	20	20
<i>State credit substitution</i> Maximum 2 points	2	2	2
Total Points	146	146	146

Tie-Breaker Information

Tie-Breaker Categories Apply to this Project: **Yes**

First: Housing Type **Large Family**

Second: Calculated Ratio per Regulation 10325(c)(12) **85.569%**

<u>Unit Type & Number</u>	<u>2007 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 Two-bedroom Units	30%	\$348
3 Two-bedroom Units	40%	\$464
15 Two-bedroom Units	50%	\$580
8 Two-bedroom Units	60%	\$696
2 Three-bedroom Units	30%	\$401
3 Three-bedroom Units	40%	\$535
15 Three-bedroom Units	50%	\$669
12 Three-bedroom Units	60%	\$803
3 Four-bedroom Units	30%	\$447
1 Four-bedroom Unit	40%	\$597
4 Four-bedroom Units	50%	\$746
1 Three-bedroom Unit	Manager's Unit	\$803

The general partner or principal owner is the Las Palmas Foundation.

The project developer is the Las Palmas Foundation.

The management agent is Simpson Property Group, L.P.

The market analyst is Novogradac and Company

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.

Project Financing

Estimated Total Project Cost: \$16,944,876 Per Unit Cost: \$245,578 Const. Cost Per Sq. Foot: \$156

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
SHS Capital, L.P.	\$13,545,980	CCRC	\$2,154,720
Deferred Costs	\$918,028	Developer Fee Note	\$630,306
Investor Equity	\$2,480,868	AHP	\$300,000
		Investor Equity	\$13,859,850
		TOTAL	\$16,944,876

Determination of Credit Amount(s)

Requested Eligible Basis (New Construction):	\$13,038,460
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis Credit Reduction (2%)	\$260,770
Qualified Basis (New Construction):	\$12,777,690
Applicable Rate:	8.30%
Total Maximum Annual Federal Credit:	\$1,060,548
Total State Credit:	\$3,833,307
Approved Developer Fee:	\$850,000
Tax Credit Factor:	\$0.95990

Applicant requests and staff recommends annual federal credits of \$1,060,548 and total state credits of \$3,833,307, based on a qualified basis of \$12,777,690 and a funding shortfall of \$13,859,850.

Cost Analysis and Line Item Review

The requested eligible basis \$13,038,460 is below TCAC's threshold basis limit (\$17,734,316). The basis limit was increased by the following extraordinary features: projects that are required to pay state or federal prevailing wages, local development impact fees, and the adjustment for projects with 3 or more energy efficiency/resource conservation/indoor air quality items -- using a Minimum Efficiency Report Value (MERV) 8 or higher air filter for HVAC systems that introduce outside air, installing bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all living rooms or 50% or all common areas, and using at least four recycled products listed in the Construction, Flooring, or Recreation section of the California Integrated Waste Management Board's Recycled Content Products Database.

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 **8.30%** of the qualified basis, or, in the case of acquisition Credit or Credit combined with federal subsidies, **3.60%**. 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.

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/Annual	State/Total
\$1,060,548	\$3,833,307

Standard Conditions:

An application for a carryover allocation must be submitted by **October 31, 2007**, as required by regulation section 10328(d), together with the applicable allocation fee and all required documentation. The time for meeting the "10%" test and submitting related documentation will be no later than six (6) months after the date of the executed carryover allocation (as defined by IRC Section 42 and IRS Notices). The applicant must ensure the project meets all Additional Threshold Requirements for the housing type of the proposed project.

The applicant must submit all documentation required for a Final Reservation no later than February 1 of the year that the building(s) must be placed in service pursuant to Section 42(h)(E)(i) of the Internal Revenue Code of 1986, as amended. The applicant shall provide the Committee a Final Reservation application providing the documentation for the project set forth in Section 10322(i)(1) of these regulations. 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. The performance deposit must be paid by cashier's check within 20 calendar days of any preliminary reservation. The allocation fee must be paid within a time period specified in the preliminary reservation letter. The allocation fee will be due prior to execution of a carryover allocation or issuance of tax forms, whichever comes first. 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.

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)(8) 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)(P) at project completion.

Additional Conditions:

Applicants that received 20 points for readiness to proceed must meet ALL of the following requirements. The applicant must be ready to begin construction within 150 days of the Credit Reservation which is **February 22, 2008**, as evidenced by submission, within that time of, recorded deeds of trust for all construction financing, payment of all construction lender fees, issuance of building permits and notice to proceed delivered to the contractor. Failure to meet this timeline will result in rescission of the Credit Reservation.

Project Analyst: Adrian Ownby